34

STANDING COMMITTEE ON CHEMICALS & FERTILIZERS

(2012-13)

FIFTEENTH LOK SABHA

MINISTRY OF CHEMICALS AND FERTILIZERS

(DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)

DEMANDS FOR GRANTS

(2013-2014)

THIRTY-FOURTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

April, 2013/ Vaisakha 1935, (Saka)

CC&F.No.34

THIRTY-FOURTH REPORT

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CHEMICALS AND FERTILIZERS
(2012-13)

(FIFTEENTH LOK SABHA)

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(2013-2014)

Presented to Lok Sabha on 30 April 2013

Laid in Rajya Sabha on 30 April 2013

LOK SABHA SECRETARIAT

NEW DELHI

April, 2013/ Vaisakha 1935, (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2012-13)

Shri Gopinath Munde - Chairman MEMBERS LOK SABHA	
2.	Shri S. Alagiri
3.	Shri Gajanan D. Babar
4.	Shri P.P. Chauhan
5.	Shri K.D. Deshmukh
6.	Shri Sher Singh Ghubaya
7.	Shri Sk. Nurul Islam
8.	Shri Sakti Mohan Malik
9.	Shri Paswan Kamlesh
10.	Shri Amarnath Pradhan
11.	Shri Ashok Kumar Rawat
12.	Shri Tufani Saroj
13.	Shri Suresh Kumar Shetkar
14.	Shri Raju Shetti
15.	Shri G.M. Siddeshwara
16.	Shri D. Venugopal
17. ^	Shri Sai Prathap Annayyagari
18.*	Vacant
19.#	Vacant
20.	Vacant
21	Vacant
RAJYA SABHA	
22.	Shri Biswajit Daimary
23.	Shrimati Naznin Faruque
24.	Shri A.A. Jinnah
25.	Shri Brijlal Khabri
26.	Shri Dilipbhai Pandya
27.	Shri Raghunandan Sharma
28.%	Vacant
29. ^	Vacant
30.^#	Vacant
31.	Vacant

Secretariat

1.	Smt. Rashmi Jain	-	Joint Secretary
2.	Shri U.B.S. Negi	-	Director
3.	Shri A.K. Srivastava	-	Additional Director
4.	Smt. Emma C. Barwa	-	Under Secretary
5.	Shri NIshant Mehra	-	Committee Officer

***Shri P. Balaram Naik appointed as a minister of state**
#Shri Radadiya Vitthalbhai Hansrajbhai has resigned w.e.f. 03 .01.2013
^ Shri Sai Prathap Annayyagarin (LS) nominated w.e.f. 09.01.2013.
%Dr. Vijay Mallya (RS) has resigned w.e.f. 26.02.2013.
^Shri K.C. Tyagi (RS) nominated w.e.f. 07.03.2013.
^Shri Pyarimohan Mohapatra (RS) has resigned w.e.f. 22.03.2013
#Shri K.C. Tyagi (RS) has resigned w.e.f. 01.04.2013

INTRODUCTION

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2012-13) having been authorised by the Committee to submit the Report on their behalf present this Thirty-Fourth Report on Demands for Grants of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for the year 2013-14.

2. The Committee examined the Demands for Grants (2013-14) pertaining to the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) which were laid in Lok Sabha and Rajya Sabha on 14 March 2013.

3. The Committee took evidence of the representatives of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) at their sitting held on 19 March 2013.

4. The Report was considered and adopted by the Committee at their sitting held on 26 April 2013.

5. The Committee wish to express their thanks to the officers of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for their cooperation in furnishing the written replies and other material/ information and for placing their views before the Committee.

6. For facility of reference and convenience, the Observations/ Recommendations of the Committee have been printed in bold letters at the end of the Report.

New Delhi;
26 April, 2013
6 Vaisakha, 1935 (Saka)

Gopinath Munde,
Chairman,
Standing Committee on
Chemicals and Fertilizers.

REPORT

CHAPTER I

INTRODUCTORY

1.1 The Department of Chemicals and Petrochemicals under the Ministry of Chemicals and Fertilizers is entrusted with the responsibilities of planning, development and regulation of the chemicals and petrochemicals industry sectors in the country.

1.2 The Department of Chemicals and Petrochemicals (DCPC) endeavors to:

i. formulate and implement policy and programmes for achieving growth and development of the chemical and petrochemical sectors in the country; and

ii. foster the spirit of public-private partnership for the overall development of above-mentioned sectors of industry.

1.3 The Department has the mandate to deal with the following broad subject matters:

i. Insecticides excluding the administration of The Insecticides Act, 1968 (46 of 1968);
ii. Molasses;
iii. Alcohol – Industrial and Potable from the molasses route;
iv. Dyestuffs and Dye Intermediates;
v. All organic and inorganic chemicals, not specifically allotted to any other Ministry or Department;
vi. Planning, Development and control of, and assistance to, all industries dealt with by the Department;
vii. Bhopal Gas Leak Disaster-Special Laws relating thereto;
viii. Petrochemicals;
ix. Industries relating to production of non-Cellulose Synthetic Fibres (Nylons, Polyesters, Acrylic, etc.);
x. Synthetic Rubber; and
xi. Plastics including fabrications of plastic and moulded goods.

1.4 The Department has two functional divisions, viz. Chemicals and Petrochemicals. There are two PSUs in the chemical sector namely Hindustan Organic Chemicals Ltd. (HOCL) and Hindustan Insecticide Ltd. (HIL) and one PSU in the Petrochemical sector, viz. Brahmaputra Cracker and Polymer Ltd (BCPL). The autonomous institutes under this Department are Central Institute of Plastic Engineering and Technology (CIPET) and Institute of Pesticides Formulation and Technology (IPFT), which are sanctioned financial grants by the Department.

1.5 The Department of Chemicals & Petrochemicals continued to identify its objectives and monitor its performance through the Results Framework Document (RFD). The RFD for the year 2011-12 was finalized after detailed deliberations both within the Department and with the Ad-hoc Task Force set up by the Performance Management Division, Cabinet Secretariat. The significant objectives/ actions pursued and monitored through the RFD 2011-12 included formulation of a National Policy on Chemicals, organization of India Chem Gujarat, approval and promotion of PCPIRs, implementation of the Assam Gas Cracker Project, development of the plastic sector through Central Institute of Plastics Engineering Technology (CIPET), operationalisation of the National Policy on Petrochemicals, coordination of relief and rehabilitation measures for the Bhopal Gas victims, besides certain mandatory indicators such as improving the service delivery of the Department, ensuring compliance with the financial accountability framework.

1.6 The detailed Demands for Grants (2013-14) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) were presented to the Lok Sabha on 14 March 2013. The Demand (Number 6) shows a budgetary support of Rs 1343.01 crore [(Rs 1200 crore (Plan) + Rs 143.01 crore (Non-Plan)]. The Committee have examined in-depth the detailed Demands for Grants of the Department for the year 2013-14. The detailed analysis, along with Observations / Recommendations of the Committee are presented at the end of the Report. The Committee expect the Department of Chemicals and Petrochemicals to take the Committee's recommendations seriously and act on them expeditiously. The Committee also expect that the Department will take necessary steps for proper and timely utilization of funds so as to complete the various plans and projects in a time bound manner.

CHAPTER II

OVERVIEW OF CHEMICALS AND PETROCHEMICALS INDUSTRY

2.1 The chemicals industry, which includes basic chemicals and its products, petrochemicals, fertilizers, paints & varnishes, gases, soaps, perfumes & toiletries and pharmaceuticals is one of the most diversified of all industrial sectors covering thousands of commercial products. It plays an important role in the overall development of the Indian economy.

2.2 The chemical and petrochemical sector in India presently constitutes 14% of the domestic industrial activity. The DCPC in its Working Group Report has projected the growth of petrochemicals and chemicals at 12.6% and 10% respectively in 12th Five Year Plan. According to the United Nations Industrial Development Organisation (UNIDO), in terms of value added at constant 2000 prices, the Indian chemical Industry was the 6th largest in the world and 3rd largest in Asia in the year 2008. As per the latest available information from industry associations, the size of the Indian Chemical Industry in the year 2010 was US$ 108.4 Billion.

Chemicals Sector- Production Trends

2.3 The Indian Chemical Industry comprises both small and large-scale units. The fiscal concessions granted to the small-scale sector in mid-eighties led to establishment of a large number of units in the Small Scale Industries (SSI) sector. Currently, the Indian Chemical Industry is in the midst of a phase of major restructuring and consolidation. With the shift in emphasis on product innovation, brand building and environmental friendliness, this industry is increasingly moving towards greater customer orientation. Even though India enjoys an abundant supply of basic raw materials, it will have to build upon technical services and marketing capabilities to face global competition and increase its share of exports.

2.4 As the Indian economy was a protected economy till the early nineties, very limited large-scale R&D was undertaken by the chemical industry to create intellectual property. The product patent regime came into force w.e.f. January 2005. Accordingly, the units have to be more innovative with state of the art R&D Establishments. This will help in development of newer molecules. With a number of scientific institutions, the country's strength lies in its large pool of highly trained scientific personnel.

2.5 In the chemical sector, 100 percent FDI is permissible. Manufacture of most chemical products inter-alia covering organic/ inorganic, dyestuffs and pesticides is delicensed. The entrepreneurs need to only file the Industrial Entrepreneur's Memorandum (IEM) with the Department of Industrial Policy and Promotion, provided no locational angle is applicable. Only the following items are covered in the compulsory licensing list because of their hazardous nature:

- Hydrocyanic acid & its derivatives
- Phosgene and its derivatives
- Isocynates and di-isocynates of hydrocarbons.

Petrochemical Sector- Production Trends

2.6 The petrochemical industry mainly comprises synthetic fibres, polymers, elastomers, synthetic detergents intermediates and performance plastics. The main sources of feedstock and fuel for petrochemicals are natural gas and naphtha. Today, petrochemical products permeate the entire spectrum of items of daily use, ranging across clothing, housing, construction, furniture, automobiles, household items, toys, agriculture, horticulture, irrigation and packaging to medical appliances.

2.7 There are four naphtha based and three gas based cracker complexes in the country with a combined annual ethylene capacity of 3.75 million MT. Besides, there are four aromatic complexes also with a combined Xylene capacity of 2.8 million MT.

2.8 When asked as to how the Department, in the present economic scenario, assess the performance of Chemicals and Petrochemicals industries, the Department, in its written reply submitted as under:-

"The growth rates in the key segments of petrochemicals are given below:

(Unit: 1000 tons)

Group	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (April-Sept)
Synthetic Fibre	2251	2524	2343	2600	2791	2697	1351
Polymers	5183	5303	5061	4792	5292	6211	3198
Synthetic Rubber	95	104	96	105	94	88	43
Synthetic Detergent Intermediates	556	585	551	618	639	623	305
Performance Plastics	132	156	140	172	192	183	96
Total Major Petrochemicals	8217	8672	8191	8287	9008	9802	4993
Growth Rate	10.3	5.5	(-) 5.5	1.2	8.7	8.8	

The growth scenario in the present financial year is not very encouraging. The reasons can be traced to weak investment climate, energy and infrastructure bottlenecks, deceleration in the rate of growth of credit flows, low import tariff on polymers, and key petrochemicals, which prevents protection to domestic industrial growth, excess capacity due to reduced overall demand and fragile global economic recovery.

The details of production of major chemicals and growth rates are given below. The growth rate of major chemicals in 2011-12 is 2.5% over the previous year. The various policy measures taken as well as the provisions contained in the draft National Chemical policy will facilitate the growth and development of the chemical sector on a sustainable basis by putting emphasis on R & D, technology upgradation, green chemicals, etc.

The production of major chemicals during the last 7 years is as under:

(in 000 MT)

	Production								Growth (%)	
Sector	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13 Upto Sept.**	**2010-11**	**2011-12**
Alkali Chemicals	5475	5269	5443	5442	5602	5981	6112	2972	6.77	2.20
Inorganic Chemicals	544	602	609	512	518	572	574	267	10.54	0.41
Organic Chemicals	1545	1545	1552	1254	1280	1342	1395	656	4.86	4.04
Pesticides (Tech.)	94	98	102	105	104	110	120	60	6.68	8.44
Dyes & Dyestuffs	69	90	117	110	149	164	170	86	10.51	3.99
Total Major Chemicals	7676	7604	7823	7422	7651	8169	8373	4042	6.78	2.50

Source: S & M Division, DCPC

2.9 As per the Department's *Annual Report 2012-13,* chemical and chemical products sector accounted for 2.12% of the GDP (at 2004-05 prices) in 2010-11, compared to 2.27% in 2009-10. The share of this sector in the GDP for manufacturing sector at 2004-05 prices was 13.4% during 2010-11. The annual growth rate of GDP in this sector at 2004-05 prices was 1.3% as against 7.6% in manufacturing and 8.4% in the Indian economy in 2010-11". The growth rate of major chemicals has sharply came down to 2.5 percent during 2011-12 from 6.78 percent growth recorded during 2010-11. The Committee, therefore, asked the Department to provide reasons for the slowdown in growth rates of major chemicals and also to highlight the steps taken, if any, to recover lost momentum and bring

the sector back into a sustained growth path. In its written reply, the Department of Chemicals and Petrochemicals stated as under:-

"The world economy witnessed industrial melt down in 2008-09 and therefore, the production of major chemicals declined in 2008-09 over the previous year to the extent of 5%. Consequent upon the announcement of stimulus package in December 2008 and January 2009, the growth rate of major chemicals in 2009-10 and 2010-11 have shown positive growth to the extent of 2.7% and 6.65% over the previous year respectively.

In 2011-12, the Chemical Industry again witnessed recession world-wide. As the Indian economy is liberalized and integrated with the world economy, the Indian chemical sector was also affected by the global slow-down. Therefore, the reasons for slow down in the chemical industry are inter related and so growth rate for the chemical sector has shrunk during 2011-12.

Further, for sustained growth of the chemical sector, the following measures have been taken by the Govt.:

(a) Government has announced the Petroleum, Chemical and Petrochemical Investment Region Policy (PCPIR) to promote investment in this sector and make the country an important hub for both domestic and international markets. The PCPIR region shall be delineated with an area of around 250 square kilometer. These regions are to be established in the coastal area of the country. Each PCPIR would have a refinery/petrochemical feedstock company as an anchor tenant. The internal infrastructure of the PCPIR will be built and managed by a Developer, or a group of developers. Government of India will provide the external linkages. The State Government, besides master planning the area, will also ensure that all physical infrastructure and utilities linkages under its jurisdiction are provided.

The investors in PCPIR would have advantage of ;

- World class infrastructure,
- Highly skilled manpower,
- Co-existence with value chain,
- Easier approach to Gulf, Asia & Africa
- Fast growing domestic demand

Government has already approved four PCPIRs in each of the states – Gujarat, Andhra Pradesh, Orissa and Tamil Nadu.

In a PCPIR, The oil refinery is the anchor tenant, which on refining of crude oil, provides naphtha and other petroleum products. Naphtha on cracking provides major building blocks such as benzene, toluene, xylene, ethylene, propylene, etc. Thus, the PCPIRs are taking care of the requirements of the chemical sector in a holistic manner for the promotion and development of the industry.

(b) The Government has implemented Industrial Infrastructure Upgradation Scheme (IIUS) of existing industrial clusters. This scheme envisions facilitating the provision of good infrastructure.

(c) The import of Chemicals is almost free and the chemicals can be freely imported depending upon their cost effectiveness and techno-economic benefits. The chemical sector is deregulated and delicensed except for three highly hazardous chemicals. Only

Industry Entrepreneur Memorandum (IEM) is needed to be filed with Department of Industrial Policy and Promotion (DIPP) for setting up new undertaking or to carry out substantial expansion of the existing undertakings. This liberalized regime for setting up chemical projects in the country is a step towards achieving self-reliance.

(d) Further, for facilitating the growth and development of the chemical sector, DCPC has already taken the steps to prepare a road map for sustained growth by way of formulating National Chemical Policy – 2012 (NCP-2012) with a Vision for 2020. The focus of NCP-2012 is to formulate actionable programmes, schemes, policies and guidelines so as to strengthen areas of competitive advantages, sustainable and eco-friendly development, growth of SMEs, acceleration of growth of exports, strengthening R&D and infrastructural development through PCPIRs, etc.

It is envisaged that these measures will help the chemical sector to accelerate the production and enhance its competitiveness in the international market."

2.10 The Committee desired to know what specific policies and programmes were initiated by the Department for achieving growth and development of the chemicals and petrochemicals sectors in the country during the last one year. In reply thereto, the Department of Chemicals and Petrochemicals has stated as under:-

"Research & Development, innovation in product and material and creation of skilled workforce are some of the critical areas of concern for the growth of the petrochemical sector. Accordingly, the Department has initiated schemes for Setting up of Centres of Excellence (COE) in existing academic and research institutions and National Awards for Innovation in the Downstream Plastic Processing Industries in the 11th Plan. The above schemes aim at encouraging and incentivizing petrochemical research and technology in the country. Under the scheme of Setting up of Centres of Excellence, Department provided the 3rd and final installment of Rs.2.00 crore each to the two existing COEs. Under the 3rd edition of the scheme of National Awards, Department invited nominations and based on extensive screening and evaluation process has finalized the awardees for 2012-13 who will be facilitated shortly. Further, CIPET through its multiple centres at 22 locations across the country is addressing the requirement for creation of human capital for the petrochemical industry.

The Indian Plastics industry is large but highly fragmented with dominance of tiny, small and medium units. Department formulated a scheme for Setting up of Plastic Park with a view to synergize and consolidate the capacities through cluster development. Department gave "in-principle" approval for setting up of Plastic Parks to four State Governments, namely, Tamil Nadu, Madhya Pradesh, Assam and Orissa. The Detailed Project Reports (DPRs) received from Madhya Pradesh and Tamil Nadu are under evaluation in consultation with the Programme Manager (PM) for the final approval. In addition, Department has provided Rs. 1552 crore capital subsidy in 2012-13 for setting up of Assam Gas Cracker Project at Dibrugarh, Assam, which is in the final stages of completion. Once completed this plant will contribute to the growth of the sector in NE region, where the current consumption of polymeric materials is much lower than the rest of the country.

Keeping in view the needs of the industry, Department gave recommendations for trade agreements, various fiscal and non-fiscal measures, including optimizing of customs duties etc.

As the industrial environment in India is quite liberalized and all chemical items, except for three hazardous chemicals, are exempted from industrial licensing, the Department of Chemicals & Petrochemicals primarily acts as a facilitator by putting in place an enabling policy frame-work for achieving growth and development in the chemical sector, as given below:

i) Consolidation of views on bilateral/multi-lateral trade agreements.

ii) Offering views on proposals for Foreign Technology Collaboration (FTC), Industrial Licence Applications, FDIs and recognition of R&D proposals.

iii) Showcase and promote Indian Chemical Industry through international & national events, exhibitions, conferences and fairs, such as India Chem, as well as sector specific seminar & conferences. For example, India Chem 2012 was organised by the Department in October 2012 in Mumbai, and India Chem Gujarat was organized in October 2011 in Gandhi Nagar.

iv) Contribution to proceedings for levy of safeguard and anti-dumping duty.

v) Contribution to DGFT in matters relating to input-output norms, Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) applications, etc.

vi) Facilitate compliance by Chemical industry with International Treaties and conventions.

vii) Department of Chemicals & Petrochemicals has formulated a Five Year Plan (2012-2017) for the Indian Chemical Sector as part of the 12th Plan, and the same is available on the Planning Commission website. This Plan document contains major policy issues for enhancing investment, global competitiveness, accelerated and sustainable development of the chemical sector as a major building block of the Indian economy.

viii) The draft National Chemical Policy-2012 has also been framed and was posted on the DCPC website for soliciting the comments of the stakeholders. The comments, received from various Ministries/Departments as well as industry, are being processed for finalizing the Chemical Policy."

2.11 Regarding projects/ initiatives that were undertaken under the PPP mode so far in the chemicals and petrochemicals sectors, during the last three years, the Department has provided the following information:-

"DCPC as a facilitator oversees the development of delicensed and deregulated Chemicals & Petrochemical Industry. The activities of the Department are focused on resolving the issues hampering the growth of this sector. The Department supports and facilitates various schemes like setting up of PCPIRs, Plastics Parks etc. which involves participation of the concerned State Governments, industry and the other Ministries / Department.

One of the initiatives taken by the Department to foster the spirit of public private partnership for chemicals and petrochemicals sector is the setting up of Chemical Weapons Convention (CWC) Help Desks in collaboration with Indian Chemical Council (ICC), an industry organization at various locations across the country to disseminate awareness amongst the chemical manufacturers, exporters, etc. about the provisions of the CWC treaty and help them in filing their annual declarations in this regard. Six such Help desks have been set up at Delhi, Mumbai, Kolkata, Chennai, Hyderabad and Vadodara. These Help Desks are supported by the Department financially in the form of grants-in-aid and the Help Desks in turn assist the chemical industry in ensuring compliance with the obligations under the provisions of the CWC treaty. This has enabled the Department in ensuring timely and accurate submission of declarations on the Scheduled Chemicals under the CWC to the Organization for Prohibition of Chemical Weapons (OPCW), an international organization responsible for the implementation of the Convention."

2.12 While noting that a Working Group under the chairmanship of Secretary (C&PC) had submitted the strategic plan for the sustainable growth of the chemicals sector to the Planning Commission in September, 2011, the Committee enquired about the major findings and recommendations of the report. In its written reply, the Department stated as under:-

"DCPC submitted a report of the Working Group on Chemicals to the Planning Commission on15th September 2011 suggesting the roadmap & strategies for the growth and development of the chemical sector on sustainable and eco-friendly manner and to increase competitiveness of the chemical sector during 12th Five Year Plan. The Working Group, after having interactive discussions with various stakeholders, has given important recommendations in the following form:

- Action to be taken by the Government, inter-alia, covering improvement in infrastructure, ensuring feed stock availability, establishment of technology upgradation fund, strengthening of R&D, talent development, inventorisation, to improve image of the industry, consolidation of acts, rationalization of taxes, etc.

- Action to be taken by the Industry inter-alia covering consolidation, pursuance of international joint ventures, investment in R&D, attracting talent, creating environment friendly image, etc.

Considering the above recommendations, the Planning Commission has included the following provisions in the 12th Plan Document with respect to the chemical sector:

i) Ensuring feedstock availability
ii) Development of common infrastructure
iii) Focus on R&D
iv) Focus on green technology and consolidation of existing chemical legislation
v) Human Resource Development
vi) Other strategies

CHAPTER III

FIVE YEAR PLANS AND ANNUAL PLANS

3.1 When asked to provide a statement showing the scheme-wise details of plan outlays and the physical and financial targets during each year of the 12th Five Year Plan, the Department provided the information as under:-

(Rs. in crore)

Sr. No.	Name of the Scheme	12th plan	2012-13 (RE)	2013-14 (BE)	2014-15	2015-16	2016-17
I	**Project Based Support to PSUs**						
1.1	Hindustan Organic Chemicals Ltd.(HOCL)	33.90	24.63	10.00*	0.00	0.00	0.00
1.2	Hindustan Insecticides Ltd. (HIL)	4.60	4.10	0.00	0.20	0.20	0.10
II	**Support to Autonomous Bodies**						
2.1	Central Institute of Plastic Engineering & Technology (CIPET)	280.15	40.00	140.96	79.19	20.00	0.00
2.2	Institute of Pesticides Formulation Technology (IPFT)	15.00	4.34	4.34	2.44	2.31	1.57
III	**Other Ongoing Schemes**						
3.1	Assam Gas Cracker Project	2552.00	1552.00	1000.00			
3.2	Chemical Promotion & Development Scheme (CPDS)	15.00	2.00	3.00	2.50	2.50	2.50
3.3	Chemical Weapons Convention (CWC)	7.50	1.00	1.50	2.00	1.50	1.50
3.4	IT/Sectt.	2.50	0.30	0.70	0.50	0.50	0.50
3.5	Other New Schemes of Petrochemicals	103.35	8.63	39.50	49.50	2.86	2.86
IV	**New schemes proposed to be initiated in 12th plan**						
4.1	Chemicals safety Management	1.50	0.00	0.00	0.50	0.50	0.50
	Total	3013.00	1637.00	1200.00	136.83	30.37	9.53

*Expenditure to be restricted to Rs. 9.27 crore so as to keep it within 12th plan cap.

3.2 As per the above data, only Rs. 1.50 crore is allocated for "Chemicals Safety Management" for the 12th Five Year Plan and within that, no amount is allocated for the same for the current year, 2013-14. In this regard, the Committee desired to know about the initiatives and measures envisaged under the scheme and whether the amount of Rs. 1.50 crore will be sufficient for the scheme for the entire 12th Five Year Plan period. In its written reply, the Department of Chemicals and Petrochemicals stated as under:-

> "A sum of Rs. 1.50 crore has been requested for allocation for initiating preliminary action on National Institute of Chemical Safety & Management (NICSM). This scheme is under conceptualization stage.

It is envisaged to conduct a study on "Institutional arrangement for Chemical Safety Management and processing the scheme for necessary approvals from the concerned Ministries / Departments. Based on the outcome of this study and approvals received, the case will be taken up with the Planning Commission/ Ministries/Departments concerned for additional allocation subsequently."

3.3 As per the *Preliminary Material,* the scheme-wise details of plan outlays, physical & financial targets and the percentage of achievement made during the first year of the 12th Five Year Plan are as under:

	Scheme	(Rs. crore)			% achievements wrt RE
		BE	RE	Actual*	
I. Support to Existing PSUs		40.00	28.73	21.70	75.53
II. Support to Autonomous Bodies					
1	Central Institute of Plastic Engineering and Technology(CIPET)	110.00	40.00	5.20	13.00
2	Institute of Pesticides Formulations Technology(IPFT)	7.00	4.34	0.00	0.00
III. Other ongoing schemes					
1	Assam Gas Cracker Project	1552.00	1552.00	1552.00	100.00
2	Chemical Promotion & Development Scheme(CPDS)	10.00	2.00	0.99	49.50
3	Chemical Weapons Convention(CWC)	1.50	1.00	0.63	63.00
4	IT/Secretariat	0.30	0.30	0.27	90.00
5	Other New Schemes of Petrochemicals	36.20	8.63	0.63	0.70
	Total	**1757.00**	**1637.00**	**1581.61**	**96.61**

*** As on 11th March 2013**

3.4 The Department, in a note, has made an appraisal of its performance in terms of funds allocated and utilized during 2012-13, as follows:-

"There is no significant shortfall in 2012-13 during first 10 months, more than 96% of the allocated outlay has been spent. In case of CIPET, a scheme of creation of civil infrastructure to meet the requirement of NAAC and UGC guidelines in the CIPET, accounting for more than Rs. 81 crore could not be initiated on account of reduction in the outlay from Rs. 110 crore to Rs. 40 crore in the RE. Moreover, in case of CIPET and IPFT, their new schemes are in the process of being finalized in consultation with Planning Commission and the internal Finance Division and therefore there has been a slight delay in these two cases. As to other New Schemes of Petrochemicals, it is stated that as per the plan of action, the expenditure is to be made only in the closing months of the financial year. It is nonetheless expected that rest of the RE shall be utilized in the remaining period.

3.5 It is evident from the above data that while Rs. 110 crore was allocated to CIPET at BE stage during 2012-13, the same was decreased to Rs. 40 crore at RE stage, out of which only Rs. 5.20 crore was utilized till 11.3.2013. In light of this dismal performance, the Department of Chemicals and Petrochemicals was asked to give a detailed explanation and reasons therefor and the steps taken to remedy them. In its written reply, the Department stated as under:-

> "With a view to substantially enhance CIPET's technical and civil infrastructure to enable it to rightfully claim its place among the leading technical educational cum research institutions of the country, an allocation of Rs. 484 Crore was initially sought for CIPET during the 12th plan including support of Rs. 110 Crore in annual plan 2012-13. The various plan proposals for continuing and new schemes of CIPET were accordingly formulated and proposed for financial concurrence after due examination and analysis in the Department of Chemicals and Petrochemicals.
>
> However, owing to non-finalization of the 12th plan outlay by Planning Commission, these proposals / schemes for plan assistance to CIPET were not concurred to by Integrated Finance Division (IFD) of the Department. The final approved plan size of Rs. 2890 crore for the Department was communicated only in January 2013 and the 12th plan allocation for CIPET was reduced from Rs. 484 crore to Rs. 180 crore. Subsequently, the Five Year Plan allocation was enhanced to Rs. 3013 crore, and CIPET's allocation has been enhanced to Rs. 280.15 crore. This correspondingly resulted in reduced outlay of Rs. 40 crore for CIPET as final allocation for 2012-13. Pending finalization of plan outlay and financial concurrence for the CIPET proposals, only limited schemes were approved for further releases, resulting in actual expenditure of only Rs. 3.2 crore up to January 2013. Subsequently, an amount of Rs. 2 crore for the year 2012-13 was also released in February 2013 for the continuing scheme of "Research & Development in Emerging Areas".
>
> In the meanwhile, as per advice of the IFD, "in principle" approval from Planning Commission has been sought for two continuing schemes of CIPET viz. Establishment of Centre for Bio-Polymer Science & Technology (CBPST), Kochi and "Creation of Civil & Technical Infrastructure for Expansion of CIPET Centres", subsequent to financial concurrence. Furthermore, requisite action for appraisal of remaining schemes as also approval of the competent authority has been initiated subsequent to finalization of 12th Plan outlay. The pending schemes are being pursued with Planning Commission so as to expedite release of all allocated amounts before the closure of the financial year."

3.6 As for the Institute of Plastic Formulation Technology (IPFT) which registered zero percentage achievement with respect to RE of the first year of the 12 Plan, the Department furnished an explanation in writing , as follows:-.

> "The Schemes for the 12th Plan in respect of IPFT were finalized and approved by the Finance and Administration Committee of IPFT and the Governing Body by August, 2012. However, in the absence of finalization of 12th plan outlay till December, 2012 by the Planning Commission, the proposals / schemes for plan assistance to IPFT were not concurred to by

Integrated Finance Division (IFD) of the Department. The plan size was finally fixed by Planning Commission at Rs. 2890 crore only in January 2013. The allocation for IPFT had to be accordingly reduced from Rs. 19.38 Crore to Rs. 15 Crore (including reduced outlay of Rs. 4.34 Crore in 2012-13). In the absence of finalization of plan outlay and financial concurrence for the IPFT proposals, the schemes that had been proposed could not be implemented and only one scheme relating to 'Carry over projects from XI plan' was approved. An amount of Rs. 18.65 lakh for the year 2012-13 was also released for this purpose in February 2013.

In the meanwhile, as advised by the IFD, "in principle" approval from Planning Commission has been sought for the other schemes of IPFT viz. 'Grant for capital support' and 'new projects for XII plan'. The balance to be released to IPFT awaits the approval of Planning Commission, which has been urged to expedite its "in principle" approval."

CHAPTER IV

DEMANDS FOR GRANTS 2013-14

4.1 As per the *Preliminary Material*, the scheme-wise outlays proposed by the Department and finally approved by Planning Commission for 2013-14 are given below:-

(Rs. in Crore)

Sr. No.	Name of the Scheme	Proposed	Approved
I	**Project Based Support to PSUs**	10.00	10.00
1.1	Hindustan Organic Chemicals Ltd.(HOCL)	10.00	10.00
1.2	Hindustan Insecticides Ltd. (HIL)	0.00	0.00
II	**Support to Autonomous Bodies**		
2.1	Central Institute of Plastic Engineering & Technology (CIPET)	140.94	140.96
2.2	Institute of Pesticides Formulation Technology (IPFT)	4.34	4.34
III	**Other Ongoing Schemes**		
3.1	Assam Gas Cracker Project	1000.00	1000.00
3.2	Chemical Promotion & Development Scheme (CPDS)	3.00	3.00
3.3	Chemical Weapons Convention (CWC)	1.50	1.50
3.4	IT/Sectt.	0.70	0.70
3.5	Other New Schemes of Petrochemicals	39.50	39.50
	Total	**1199.98**	**1200.00**

4.2 As per the Detailed Demand for Grants, the budgetary allocation under Plan and Non-Plan under major head and capital during the years 2012-13 and 2013-14 are given below:-

(Rs. in crore)

Major Head	Budget Estimates 2012-13			Revised Estimates 2012-13			Budget Estimates 2013-14		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue	1717.00	44.50	1761.50	1608.27	110.22	1718.49	1190.00	142.98	1332.98
Capital	40.00	1.12	41.12	28.73	--	28.73	10.00	0.03	10.03
Total	**1757.00**	**45.62**	**1802.62**	**1637.00**	**110.22**	**1747.22**	**1200.00**	**143.01**	**1343.01**

4.3 The above data shows a sharp drop in plan allocation under Revenue Head from RE 2012-13 (Rs.1608.27) to BE 2013-14 (Rs.1190.00) only. When the Committee asked the Department to give reasons for the same, the Department of Chemicals and Fertilizers replied in writing as under:-

> "Drop in 2013-14 (BE) vis-a-vis 2012-13 (RE) has come about on account of lower requirement of funds for Assam Gas Cracker Project from Rs. 1552 crore in 2012-13 (BE as well as RE) to Rs. 1000 crore in 2013-14."

4.4 The data also shows a huge increase in Non-Plan allocation under Revenue Head from Non-Plan BE 2012-13 (Rs. 44.50 crore) to Non-Plan RE 2012-13 (Rs.110.22 crore) and Non-Plan BE for 2013-14 (Rs. 142.98 crore). When the Committee asked the Department to justify this huge increase in allocation, the Department replied in writing as follows:-

> "The amount of Rs. 44.50 crore allocated under Non-Plan BE 2012-13 includes a sum of Rs. 22.90 crore for disbursal of ex-gratia to the Bhopal Gas Victims for the year 2012-13. A total sum of Rs. 874.28 crore for disbursement of ex-gratia to Bhopal Gas Victims was approved by the Cabinet. The Office of the Welfare Commissioner started disbursement of ex-gratia w.e.f. 19.12.2010. Till 31.3.2012, a sum of Rs. 647.16 crore was disbursed. The Department had requested for allocation of Rs.100 crore in 2012-13 for disbursal of ex-gratia. However, only a sum of Rs. 22.90 crore was allocated in BE 2012-13 for disbursement of ex-gratia. After exhausting the allocation by second week of September, 2012, this Department had repeatedly requested Ministry of Finance to provide an advance of Rs. 86 crore from the Contingency Fund of India subject to re-adjustment from the funds to be allocated under Revised Estimates 2012-13. While Ministry of Finance expressed its inability to provide advance from the Contingency Fund, a sum of Rs. 90.60 crore was allocated in RE 2012-13 in January, 2013 for purpose of ex-gratia. This accounts for the increase in Non-Plan allocation in RE 2012 – 13 (Rs. 110.22 crore) for the Department.
>
> The allocation of Rs. 142.98 crore in Non-Plan BE 2013-14 for the Department includes a sum of Rs. 118.10 crore earmarked for ex-gratia and Rs.8.39 crore allocated for the establishment costs of the O/o the Welfare Commissioner. Out of the balance amount of Rs. 136 crore approved by the Cabinet for ex-gratia, an allocation of Rs. 118.10 crore has been made in BE 2013-14.The enhanced allocation of a sum of Rs. 8.39 crore for establishment costs for Welfare Commissioner in BE 2013-14 includes an allocation of Rs.4 crore for meeting the costs of the work of digitization of all judicial/claim records in the custody of the Office of the Welfare Commissioner.
>
> The Office of the Welfare Commissioner is taking action for expeditious disposal of ex-gratia cases so that the sum of Rs. 90.60 crore allocated in BE 2012-13 gets fully utilized. Until February, 2013, an amount of Rs. 47.54 crore has been disbursed out of Rs, 90.60 crore. Secretary (C&PC) has urged the Welfare Commissioner to ensure full utilization of the allocated amount within this financial year. Office of the Welfare Commissioner is organizing two Mega Adalats in March, 2013 for the expeditious utilization of the budgeted amount.

4.5 As per the Department's Detailed Demand for Grants 2013-14, budget proposal under Lumpsum Provision for Project/Scheme for the Benefit of the NE Region and Sikkim is as below:-

MAJOR HEAD 2552								**(Rs in Crores)**
BE 2012-13			**RE 2012-13**			**BE 2013-14**		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
175.70	--	175.70	175.70	--	175.70	120.00	--	120.00

4.6 When asked to explain the sharp drop in allocation under the Major Head from RE 2012-13 to BE 2013-14, the Department of Chemicals and Petrochemicals in its written reply stated as under:-

> "The requirement of capital subsidy for the Assam Gas Cracker Project for the year 2013-14 is only Rs.1000 crore in comparison to budgetary allocation of Rs.1552 crore in the year 2012-13. This explains the drop in allocation."

4.7 The Committee have noted that as per the Planning Commission's instructions, the Department has to mandatorily allocate at least 10 percent of the GBS for the North-Eastern States. To fulfil this condition, the Department has set aside Rs. 120 crore out of a total allocation of Rs. 1000 crore for AGCP for the development of North East India and Sikkim. In this regard, the Committee enquired about the Department's plan to utilize the allocated amount for the benefit of the entire NE region. In its written reply, the Department has stated as under:-

> "Government instructions require Ministries/Departments to spend at least 10% of their outlay for development of Northeast Region. Department of Chemicals & Petrochemicals has an outlay of Rs.1200 crore for 2013-14 (BE), of which Rs. 1000 crore is for the Assam Gas Cracker Project (AGCP) at Lepetkata, Dibrugarh district, Assam. The outlay for the N.E. region is therefore 83.33% of the Department's outlay, though only Rs. 120 crore (10%) has been shown in the head pertaining to the N.E. Region."

CHAPTER V

ASSAM GAS CRACKER PROJECT (AGCP)

5.1 The Assam Gas Cracker Project was initiated in pursuance of the Memorandum of Settlement signed between Central Government and All Assam Students Union (AASU) and All Assam Gana Parishad (AAGP) on 15th August 1985. Cabinet Committee on Economic Affairs (CCEA), in its meeting held on 18th April, 2006, approved the setting up of the Assam Gas Cracker Project at a project cost of Rs. 5460.61 crore (fixed cost). A joint venture company namely M/s. Brahmaputra Cracker & Polymer Limited (BCPL), incorporated on 8th January 2007 is implementing the project.

5.2 Owing to various reasons such as time escalation, sub optimal size of the plant, increase in infrastructural requirements and utilities and off sites resulting from detailed engineering and operational requirements, increase in construction cost, frequent bandhs, labour unrest, inadequate availability of skilled manpower at the site, prolonged monsoon etc., the project has witnessed time and cost overruns.

5.3 The project schedule has been revised with mechanical completion by July, 2013 and commissioning by December, 2013. The overall physical progress, as on 15th January, 2013 is 87.8% as against the revised scheduled target of 94.2%. The cumulative capital expenditure incurred, as on 31.01.2013, is Rs. 6077.01 crore, including the expenditure of Rs.2334.62 crore in the year 2011-12. Further, as on 15th January, 2013, a total financial commitment to the tune of Rs.8345.16 crore has been made.

5.4 The comparison of the original cost funding structure vis-à-vis the revised cost estimates is as follows:-

(Rs in crore)

Particulars	As approved by the CCEA originally (April 2006)	Revised Cost Estimates (16.11.2011)
Project Cost	5460.61	8920.00
Capital Subsidy	2138	4690
Equity	1041	1269
Debt	2083	2961
Debt-Equity Ratio	2:1	2.33:1

5.5 Capital Subsidy released by Department of Chemicals and Petrochemicals so far is as under:

2007-08 - Rs.37.43 Crore
2008-09 - Rs.100.00 Crore
2009-10 - Rs.316.31 Crore

2010-11	-	Rs.808.83 Crore
2011-12	-	Rs.875.43 Crore
2012-13	-	Rs.1552.00 Crore
	Total:	Rs. 3690.00 Crore

5.6 The following table, according to the Department, indicates the subsidies proposed for the Assam Gas Cracker Project (AGCP), excluding the lump sum provisions of Rs. 120 crore for the NE Region:

(Major Head 2852)								**(Rs in Crores)**
BE 2012-13			**RE 2012-13**			**BE 2013-14**		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1376.30	0.01	1376.31	1376.30	--	1376.30	880.00	0.01	880.01

5.7 The Committee enquired about the reasons for the steep drop in allocation under Plan Head from RE 2012-13 (Rs. 1376.30 crore) to BE 2013-14 (Rs. 880.00 crore). In its written reply , the Department stated as under:-

> "The requirement of Capital Subsidy for the years 2013-14 is only Rs.1000 crore in comparison to budgetary allocation of Rs.1552 crore for AGCP in the year 2012-13. This explains the drop in allocation."

5.8 Taking note of the huge cost and time overruns in the implementation of the Assam Gas Cracker Project, the Committee desired to know if any further steps were taken to ensure that the AGCP is completed on time as per the revised schedule. In its written reply, the Department stated as under:-

> "The following measures are being taken to ensure that the project is completed within the revised project schedule:
>
> 1. Regular quarterly review by Prime Minister's Office
> 2. Regular monthly reviews at the level of Managing Director & Chairman, BCPL and Secretary (C&PC) including site visits
> 3. Rigorous monitoring of all procurement, contracting and delivery activities for expeditious decision making
> 4. Day to day supervision of civil, mechanical erection and piping work etc. for component-wise completion as per project schedule.
> 5. Close monitoring of project in concert with Project Management Consultant viz. M/s EIL for effective strategies to address the backlog in construction and achievement of committed target dates.
> 6. Close coordination with all contractors and sub-contractors for timely completion.
> 7. Redressal of issues related to workers including ensuring Minimum Wages and other facilities / arrangement required for them.
> 8. Close liasioning with State/dist. level authorities to address the issues concerning safety & security and smooth boundary management.
> 9. Close liasioning with all stakeholders to avoid hold up for requisite funding for the project.
> 10. Augmentation of the recruitment of BCPL manpower including availability of experienced manpower by GAIL for expediting the execution. "

5.9 When the Committee asked for details of employment generated so far by the AGCP in terms of direct and indirect employment and also the number of employments envisaged to be generated on its completion, the Department, in its written reply, stated as under :-

> "BCPL board has sanctioned 620 positions (Executives: 426 & Non Executives: 194), out of which 30 positions shall be filled after commissioning and 31 positions filled through promotions. Total Executives as on date on BCPL roll is 195 and further 15 executives are likely to join this month. Recruitment process is under progress for 130 Executive and 93 Non-Executive positions which are likely to be filled as per project schedule.
>
> Further, 6330 workers, employed by contractors, are also working for the project. The project will lead to setting up of plastic processing units in the neighbouring areas. Consequently, the number of employments envisaged to be generated on its completion will be substantial."

5.10 The Committee noted that the amount of Rs. 1000 crore allocated to AGCP includes Rs. 120 crore for the Northeast region. In this regard, the Committee desired to know as to how the amount specified for the northeast (Rs. 120 crore) was envisaged to be spent for the utmost benefit of the region. In its written reply, the Department stated as under:-

> "The allocation for the AGCP for the year 2013-14 is Rs. 1000 crore, which has been provided in two different heads i.e., (i) subsidy to AGCP (Rs. 880 crore – Plan); and (ii) lumpsum provision for project/scheme for the benefit of the NE Region (Rs. 120 crore – Plan). The entire amount is to be released as capital subsidy to BCPL for its project in Assam ie AGCP. The Assam Gas Cracker project would give impetus to the development of north-eastern region of the country and will improve the socio economic conditions of the people of Assam through increased employment opportunities."

CHAPTER VI

CENTRAL INSTITUTE OF PLASTIC ENGINEERING AND TECHNOLOGY (CIPET)

6.1 CIPET is an autonomous institute under the Department of Chemicals and Petrochemicals and it is sanctioned financial grants by the Department. It is a premier national Institution devoted to Academic, Technology Support & Research (ATR) activities for the growth of plastics & allied industries in the country. CIPET operates on a hub and spoke model with its Head Office at Chennai and 23 operational locations spread across the length and breadth of the country. These include:

- 5 High Learning Centres at Chennai, Ahmedabad, Bhubaneswar, Lucknow & Kochi.
- 11 conventional centres at Amritsar, Aurangabad, Bhopal, Guwahati, Hyderabad, Hajipur, Haldia, Jaipur, Imphal, Mysore and Panipat.
- 02 R&D wings - Advanced Research School for Technology and Product Simulation (ARSTPS) at Madurai and Laboratory for Advanced Research in Polymeric Materials (LARPM) at Bhubaneswar.
- 02 specialized units - Advanced Tooling and Plastics Product Development Centre (ATPDC), Madurai and Advanced Plastics Processing Technology Centre (APPTC), Balasore.
- 02 vocational training centres & 01 Plastics Waste Management Centre at Guwahati.
- All the CIPET centres have state-of-the-art infrastructural facilities in the areas of Design, CAD/CAM/CAE, tooling & mould manufacturing, plastics processing, testing and quality control to cater to the needs of plastics and allied industries.

6.2 To provide qualified human resources to the industry, CIPET offers a blend of specialised academic programmes in the field of Polymer Science & Technology viz., Doctoral, Post Graduate, Undergraduate, Post Graduate Diploma, Post Diploma or Diploma Programs. To upgrade the skill & technical competency of personnel employed in the plastics industry, CIPET offers a wide range of short-duration, skill-cum-technology up-gradation programmes at all centres. Every year, CIPET trains more than 10,000 students in long-term and 23,000 participants in short-term programmes with hands-on experience on the most modern sophisticated facilities in design, CAD/CAM, tool room, processing, testing & quality control.

6.3 As part of its various ongoing schemes, CIPET has undertaken Research & Development initiatives in the emerging areas as under:

- Creation of core Research & Development set-up specifically related to automotive parts optimization - structural design, linear, non-linear, contact

analysis and Noise Vibration & Harshness (NVH) simulation, wear simulations, fatigue analysis of polymer/ composite automotive parts.

- Establishment of technology for development of polymer implant materials for Orthopaedic applications (Knee, Hip and shoulder parts) as well as create core facilities for bio-tribology simulator, biomechanics software, reverse engineering facilities for Orthopaedic product developments.
- Value addition of - "Waste to Wealth": Creation of expertise & state-of-art facility for R&D in the area recycling of plastics from WEEE.
- Synthesis & Characterization of Biodegradable materials for tissue engineering, scaffolds, and biosensor based applications.
- Enrich International interaction with Foreign Universities and R&D laboratories through student / faculty exchange programmes, collaborative research projects and hosting International Conferences to provide knowledge sharing on a global platform.
- Enhance library facilities by Upgradation of Information & documentation cell for continuous access of scientific journals, patents, research articles e-books and other databases available world-wide; for the Research Scholars & Scientists to keep updated with the technical advancements taking place globally.
- Propagate new ideas and innovations globally to encourage academic – industry tie-up and generation of human resources to cater to the needs of the society.

6.4 The Department informed that the Budget proposals for CIPET are as given as under:

Major Head 2852								**(Rs in Crores)**
BE 2012-13			**RE 2012-13**			**BE 2013-14**		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
110.00	--	110.00	40.00	--	40.00	140.96	--	140.96

6.5 When asked to justify the huge increase in allocation under Plan Head from RE 2012-13 (Rs. 40 crore) to BE 2013-14 (Rs. 140.96 crore), the Department in its written reply submitted as under:-

> "An allocation of Rs. 484 crore was initially sought for CIPET for the 12th plan including support of Rs. 110 Crore during Annual Plan 2012-13. However, with the final approved plan size of Rs. 2890 crore for the Department communicated only in January 2013, the allocation for CIPET was reduced from Rs. 484 crore to Rs. 180 crore. Accordingly, in line with Government policies on financial management and fiscal prudence, and based on a realistic assessment of the likelihood of getting approvals and utilizing funds within the limited time available in the current financial year, a reduced amount of Rs. 40 Crore for CIPET was projected for 2012-13 at Revised Estimates stage. Subsequently, with increase in the Five Year Plan allocation to Rs. 3103 crore, CIPET's allocation has been increased to Rs. 280.15 crore.
>
> Based on a rational assessment of time taken for obtaining approvals and utilizing sanctioned amounts, the major part of implementation on the 12th Plan Schemes of CIPET especially relating to "Creation of Hostel facilities to augment increase in intake capacity of the existing and new academic

programmes" and "Enriching technical infrastructure facilities & capabilities to meet industry needs" is envisaged to be taken up in the year 2013-14. The increase in BE 2013-14 is essential and has been sought to enable facilitate timely completion of works."

6.6 When the Committee enquired about no allocations made under non-plan Head for CIPET in the BE (2012-13), RE (2012-13) and BE (2013-14), the Department in its written reply stated as under:-

"CIPET is provided with Plan fund support to strengthen its civil and technical infrastructure facility and capabilities aimed at continual process improvement, enhancing the knowledge and competency level and to provide technology support services to its customers including polymer industry.

Generally, Non-Plan funding to academic and autonomous institutions is provided to support its establishment and recurring expenditure till the time the organization is ready to support and sustain itself to revenue generation by exploiting its assets and capacities built over the years.

"CIPET, apart from providing academic programmes in various areas of polymer technology, renders technology support services at various levels to plastics and allied industries in all the spheres of its activities viz. design, tooling, plastic processing & testing, inspection & quality control etc. The revenue generated through fees from academic programmes-short term & long term and technology support services supplements the infrastructure and establishment requirement of CIPET. Against this background, the non plan support to CIPET was discontinued from 2007- 08 as it was envisaged that CIPET, with the internal resources being generated, is able to meet their revenue expenditure and need not depend on the Government of India***."***

6.7 When asked for an up-to-date status report on the steps taken by the Department to implement the Committee's earlier recommendation for the establishment of Plastic Waste Management Centres (PWMCs) in each of the districts of the country and with special focus on urban areas, the Department in its written reply informed as under:-

"Plastics by nature are chemically inert materials and do not harm environment and health. The main reason behind criticism of plastic carry bags and other packaging material is its indiscriminate littering rendered even worse by its high visibility due to its light weight and use of colours. These are visible objects in the Municipal Solid Waste (MSW), although they constitute <1% (by weight) to the final landfill sites. Most plastics are reprocessable and recyclable in nature.

To deal with the Plastic Waste Management Issues in the country, MOEF had consultations with the various stakeholders including industry associations, Ministry of Urban Development, CPCB, Department of Chemicals and Petrochemicals,(DCPC) etc. and notified Plastic Waste (Management & Handling) Rules, 2011 on 4th February, 2011 and further amendment on 2nd July, 2011. These rules are notified under Environment (Protection) Act, 1986 and are applicable to all the concerned stakeholders

including concerned Municipal Authorities all over the country. As per the Rules notified by MOEF, the concerned Municipal Authority shall be responsible for setting up, operationalisation and coordination of the waste management system and for performing the associated functions, namely:- (i) to ensure safe collection, storage, segregation, transportation, processing and disposal of plastic waste: (ii) to ensure that no damage is caused to the environment during this process; (iii) to ensure setting up of collection centres for plastic waste involving manufacturers; (iv) to ensure its channelization to recyclers, etc. The concerned Municipal Authorities may also work out the modalities of a mechanism based on Extended Producer's Responsibility involving manufacturers, brand owners etc. The waste plastics are the integral part of the Municipal Solid Waste (MSW), and thus fall under the domain of concerned Municipal Authorities all over the country and they have to make out the modalities of a mechanism for plastic waste management in their jurisdiction as per the local bye laws taking into account the local geographical conditions, availability of quantum and nature of plastic waste and techno economic feasibility for various recycling options for waste plastics. DCPC through CIPET is conducting awareness programmes on the technological options for recycling of Waste Plastics.

6.8 While expressing their concern regarding the general confusion over the benefits or harmful effects of use of plastics, the Committee sought the clarification from the Department over the issue. In this regard, the Secretary of the Department of Chemicals and Petrochemicals, during the evidence explained the position as under:-

"The criticism on plastic use is mainly on carry bags, not about other plastic products. Plastic products have a very huge range of applications. But if you see by weight, carry bags are only about 2 per cent of the entire plastic production, but this accounts for almost the entire criticism. In plastic, basically there are 4 'R's. Like any waste we have to Reduce the usage; we have to Recycle and we have to Re-use. In several cities the municipal authorities have started projects for segregation of the waste, including plastic waste, for reprocessing. There are some technologies for recycling of plastic like conversion to fuel or for admixture with bitumen that is used for road topping and for similar uses or for re-use of the plastic material. For instance, plastic buckets and similar domestic products are made from reprocessed plastic.

The problem about recycling carry bags is that their weight is so low that it is not worthwhile for the reprocessing industry people, otherwise called rag-pickers, to pick up these things.

The States have not banned plastic; what they have banned is the use of carry-bags less than 40 microns in thickness as per the rules issued under the Environment Protection Act.

6.9 In this context, the representative from CIPET clarified during evidence as under:

"Sir, we are basically assisting the industries to set up various recycling plants. We have special programmes in our academic curriculum for Operators on recycling technology where the students, who are 10th passed

or 10th failed, and are not getting jobs, are being trained for a period of six months to be able to operate these machines. We have a pilot plant at Guwahati – Plastic Waste Management Centre."

6.10 When the Committee expressed their doubts about conducting workshops, seminars by CIPET in various parts of the country to educate the people about plastic waste management, a representative from CIPET stated during evidence as under:-

"Actually, CIPET conducts a series of programmes in various parts of the country. One of the objectives is to make people, NGOs and municipalities aware of the best use of plastics and in case of plastic, how recycling can take place and what the conversion methodologies available are. Through this, we go to various States and collaborate with State Governments with the assistance of the Government of India, Department of Chemicals and Petrochemicals, and conduct seminars and workshops."

6.11 Responding to the observation of the Committee that the budget is sufficient for publication and educating the people over the issue, the Secretary of the Department of Chemicals and Petrochemicals during evidence stated as under:-

" Sir, actually the budget is not sufficient, but the entire effort for plastic waste management is not in this Department only; the major part of it is done, to my knowledge, in the Environment Department and also in the Urban Development Department.

I have an extract here from the relevant law which puts the onus on the municipal authority for the collection, segregation and proper disposal of entire municipal solid waste, including the plastic waste. It is the legal responsibility of the municipal authority."

6.12 When the Committee observed that they have not seen the recycling of plastic and waste management in practice and also showed their concern regarding educating the people and the urban local bodies in this regard, the representative from CIPET explained the position as under:

"We get very minimum money for conducting these things. We spend some money from our own institute, from our own internal resources. We have been conducting programmes every now and then in collaboration with the concerned State bodies/municipalities…."

6.13 When the Committee desired to know about the progress made with regard to the implementation of their recommendation that CIPET should be empowered to award its own degrees (26th Report of Committee, Recommendation No. 2), the Department in its written reply stated as under:-

"A number of meetings and discussions were held under the Chairmanship of Secretary (C&PC) during May – October, 2012, to prepare a draft Bill to ensure greater empowerment of CIPET. The draft Bill was forwarded to

Department of Legislative Affairs for examination and preliminary vetting from a legal angle.

The draft Bill was examined further before its circulation for inter departmental consultation. Certain critical aspects which require further clarification and consideration include inter alia the financial support structure, revenue model, integration of existing employees / faculty with the proposed new set up etc. These aspects are presently under examination and need in depth assessment.

In the meanwhile, the matter was also considered by the Governing Council (GC) of CIPET in its 109th meeting held on 09 March, 2013. The GC was of the view that while the power to award its own degrees and conduct its own examinations etc was undoubtedly a long term goal, CIPET must not, at this juncture disassociate its graduate, post graduate courses etc from the established and reputed Universities to which it is affiliated. Since these courses were started by CIPET only in the year 2008, they are still in the process of establishing reputation in the job market. Under the circumstances, affiliation to established Universities, with their expertise and experience in design of curriculum, well defined system of examination and the avenues for placement actually enables CIPET to enhance the credibility of its own courses. While, not doubting CIPET's potential and capability, the GC felt that the matter must be addressed in a systematic manner with fixed timelines and identifiable milestones. Accordingly, the GC has advised constitution of a Committee with two GC members, who would study the matter in depth based on the recommendation of a third party professional evaluation of the matter and provide a long term road map for CIPET in this regard."

6.14 When the Committee asked for an up to date status report on the proposed Plastic Waste Management Centre at New Delhi, the Department of Chemicals and Petrochemicals in its written reply stated as under:-

"In spite of various follow-up with the appropriate authority, the required land for setting up of Plastic Waste Management Centre at New Delhi was not provided."

CHAPTER VII

INSTITUTE OF PESTICIDE FORMULATION AND TECHNOLOGY (IPFT)

7.1 The Institute of Pesticide Formulation Technology (IPFT) was established in May, 1991 under the Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers as an autonomous institution. IPFT has established a healthy rapport with the pesticides industries and has been able to successfully transfer technology for safer, efficient and environment friendly formulations. IPFT consists of three major Divisions and a pilot plant. The Institute carries out both in-house and external projects.

7.2 The main objectives of IPFT as given in the Memorandum of Association of the Society are:

i. Development and production of state-of-the-art user and environment friendly pesticide formulation technology.

ii. Promotion of efficient application technologies suiting the existing requirements of the newer formulations.

iii. Information dissemination of safe manufacturing practices, quality assurances, raw material specification and sources.

iv. Analytical and consultancy services.

v. Fostering the improvement in the qualification and usefulness of pesticide scientists working in the agrochemical area.

vi. Continuing education through specialized training for pesticide personnel.

7.3 The Department of Chemicals and Petrochemicals has sanctioned following three projects for the XII Five Year plan subject to 'in principle' approval of the Planning Commission:

(i) Development of User & Environment Friendly Water Dispersible Granule Formulations of Highly Toxic, Broad Spectrum & effective Pesticides to reduce their Toxicity for Continuation of Use and Prevention from Ban.

(ii) Development of Mass Production Technique and Formulation for Baculoviruses.

(iii) Management of Termite by Integrated Approach and Indigenous Technologies.

7.4 IPFT has undertaken 26 new projects and generated record revenue from the industry sponsored projects and testing of pesticide samples during the financial year 2011-12. The revenue generated during April – October, 2012 is Rs.

28,66,100.00 as against Rs. 11,78,425.00 during the same period in the previous year.

7.5 The following table gives BE/RE for 2012-13 and BE 2013-14 in respect of IPFT:-

MAJOR HEAD 2852								(Rs in Crores)
BE 2012-13			RE 2012-13			BE 2013-14		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
7.00	3.50	10.50	4.34	3.10	7.44	4.34	3.15	7.49

7.6 Noting that IPFT has been engaged in the development of environment-friendly pesticide formulations, which is highly essential for the safety of farmers and preservation of the environment, the Committee enquired as to whether the amount allocated (Rs. 4.34 crore) under the Plan Head would be sufficient. The Department, in its written reply, stated as under:-

> "The plan outlay for IPFT caters to the development and production of the newer formulation technology; strengthening its analytical and consultancy capabilities; and providing specialized training for pesticides personnel. The plan outlays for IPFT, inter-alia, include provisions for procurement of sophisticated scientific / technical equipment for development of eco & environment friendly technology. In the recent past (2010-11), the capital support outlay was not adequately utilized and hence the plan size was reduced and corrective steps including reduction of plan support were taken to first ensure streamlining of procurement process; removal of procedural hurdles etc. so as to ensure judicious utilization of plan grants. As a result of these measures, higher utilization from the limited sanctioned budget was achieved during the year 2011-12. In view of this improvement, an initial requirement of Rs. 9.07 and Rs. 4.11 crore was projected for the years 2012-13 and 2013-14 respectively with an allocation of Rs. 19.38 crore for the 12th Plan. However, with the reduction of the 12th Plan for IPFT to Rs. 15 crore, the allocation for 2012-13 and 2013-14 have now had to be revised to Rs.4.34 crore in each year.
>
> The schemes for utilization of these amounts include purchase of capital equipment and new and continuing research projects that should have a significant benefit to the industry and agriculture, besides generating revenue for IPFT. The allocated budget of Rs. 4.34 crore for BE 2013 – 14 will be gainfully utilized for the following activities:
>
> i) Rs 3.41 crore - Capital support for activities related to OPCW, NABL and BIS activities for the analysis of pesticides and their residue for providing support to the agrochemical industries. Renovation of Pilot Plant and replacement of obsolete machinery and equipment.
> ii) Rs 0.85 crore - Execution of the new projects for implementation in 12th Plan as approved by the Research Advisory Board, Finance & Administrative Committee as also Governing Body of IPFT. This covers the cost of manpower (Research Associates, Senior Research Fellows, and Junior Research Fellows & Lab Attendants) and some of the major equipments required for the execution of the projects.

iii) Rs. 0.07 crore - Completion of some of the carry over XI Plan ongoing projects.

7.7 The Committee, in their 20th Report, had adversely commented on the poor record of fund utilization at the Institute In this regard, the Department stated that during the internal mid-term appraisal, most of the schemes were found to be progressing satisfactorily. Certain corrective measures were taken in respect of IPFT. In this regard, when the Committee further enquired about the details of various corrective measures taken in respect of IPFT, the Department, in its written reply stated as under:-

> "In the recent past, the capital support outlay was not adequately utilized and hence, corrective steps were taken to ensure streamlining of procurement process; removal of procedural hurdles and ensuring judicious utilization of plan grants with the constitution of Justification and Specification Committees These committees look into the justifications given by the scientists of IPFT and facilitate the drawing of proper specifications for the procurement of Capital Equipments. Most of the equipments were procured in the year 2010 – 11, after due recommendations / approval of these Committees. These Committees are still active and meet regularly for judicious utilization of capital grant."

CHAPTER VIII

CHEMICAL WEAPONS CONVENTION

8.1 Chemical Weapons Convention (CWC) is a universal non-discriminatory, multilateral, Disarmament Treaty, which bans the development, production, acquisitions, transfer, use and stockpile of all chemical weapons. India is a party to this Treaty. It has 188 States as its Members as on 30.09.2011. India has a well-developed chemical industry relevant to the Convention. The Department is also the administrative Department for the CWC Act, 2000, which is in force in the country. In terms of the allocation of work in relation to the CWC related activity, the Department of C&PC is responsible for chemical industry matters and more specifically preparation of declarations, facilitation of inspections by OPCW teams and also for creating awareness in the industry about their obligations under the Convention.

8.2 Declarations and verification are the two important aspects for implementation of the convention. Each State Party is required to make annual declarations of the production, import and export of scheduled chemicals and their production facilities. Declarations in respect of a large number of plant sites producing other Organic Chemical Industries (also called OCPF) are also required to be made. India has been making declarations within the prescribed time frame.

8.3 Inspections are routinely conducted by the OPCW to ensure that the activities in scheduled chemicals are in accordance with the provisions of the Convention. India has so far received one thirty one (131) inspections (as on 31.12.12). These include 21 successfully hosted inspections received so far by India during 2011. DCPC deputes escort officers with the OPCW inspectors to the industrial units for facilitating the inspections. The Department has also set up Help Desks in PPP mode in association with the Indian Chemical Council (ICC) at various places with concentration of chemical industry of relevance to CWC, for facilitating compliance by the chemical industry in its obligations under CWC. These help desks have the following locations and coverage:

Location	**States covered**
Hyderabad	Andhra Pradesh, Orrisa and Chhattisgarh
Kolkata	Bihar, Jharkhand, West Bengal and North Eastern Regions
Delhi	Uttar Pradesh, Himachal Pradesh, Haryana, Punjab, Chandigarh, Uttarakhand & J&K
Mumbai	Maharashtra, Goa, Rajasthan, Madhya Pradesh etc.
Chennai	Tamilnadu, Karnataka and Kerala
Vadodara	Gujarat

8.4 The following table, according to the Department, gives the budget proposals for the Chemical Weapons Convention:-

MAJOR HEAD 2852								(Rs in Crores)
BE 2012-13			RE 2012-13			BE 2013-14		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1.50	0.01	1.51	1.00	--	1.00	1.50	0.01	1.51

8.5 As per the Department's Detailed Demands for Grants 2013-14, India is one of the original signatories to the Chemical Weapons Convention (CWC). In order to discharge the obligation of the Convention, a nodal agency called National Authority has been set up in India. The Agency undertakes trial inspections of the units, monitors activities of dual purpose chemical industry, makes arrangements for training of suitable personnel and assists Organization for Prohibition of Chemical Weapon (OPCW) with regard to the implementation of CWC. When the Committee desired to know the various activities undertaken by the National Authority during the last one year, the Department in its written reply stated as under:-

> "The National Authority acts as the national focal point for liaisoning with Organization for Prohibition of Chemical Weapons (OPCW), and other States Parties on matters relating to the Convention. Following activities were undertaken by the National Authority:-
>
> (i) National Authority has given policy advice to the Permanent Mission of India in the Hague on CWC related issues including concerns on mixed plant sites, sequential inspections, international cooperation, national implementation, analytical database of OPCW, declarations and inspections, transfers of scheduled chemicals, etc. for safeguarding India's concerns in these areas.
>
> (ii) National Authority ensured the timely and error-free submission to OPCW of all industrial declarations compiled by the Department of Chemicals & Petro-Chemicals and that of schedule 1 declarations by DRDO.
>
> (iii) As a member of the Inter Ministerial Working Group for SCOMET items, National Authority ensured that there was no illegal trade/transfers of scheduled chemicals.
>
> (iv) National Authority participated in Assistex III which is a field exercise under Article X of the Convention, dealing with Assistance & Protection against the use or threat of use of chemical weapons.
>
> (v) National Authority conducted along with OPCW, Workshops for Customs Authorities and on "Development of a Chemical Safety Rating System".
>
> All inspections got conducted by the National Authority in association with Department of Chemicals & Petrochemicals in the last one year were without occurrence of any case of deviation from the objective of the Convention and thus proved compliance of India with the Convention**."**

8.6 When the Committee desired to know if there were new initiatives being planned under this Head, the Department, in its written reply stated as under:-

> "Department of Chemicals & Petrochemicals has developed a customized software for ease in filing of declarations by the declarants. The declarants are able to file declarations on-line now. First such declarations i.e. Annual Declarations of Anticipated Activities (ADAA) 2013 and Annual Declarations of Past Activities (ADPA) 2012 have been successfully received on-line, compiled and sent to the National Authority for submission to OPCW.
>
> The National Authority has created a National Scientific Advisory Board (NSAB) comprising scientific/technical experts from various well-known organizations, which is a national counterpart of the Scientific Advisory Board (SAB) of OPCW which reviews the advances/developments in science and technology. A National Advisory Body on Administrative and Financial Matters (NABAF) has also been created by National Authority comprising finance experts from various well-known organizations, which is a national counterpart of the ABAF of OPCW which reviews and examines the OPCW's financial reports and provides its comments***."***

CHAPTER IX

CHEMICAL PROMOTION AND DEVELOPMENT SCHEME (CPDS)

9.1 This scheme is for undertaking promotional activities for the chemical and petrochemical industry. During 2012-13(RE) there was an allocation of Rs. 2.00 crore for these activities. Financial support was provided for conducting seminars, conferences, workshops, training, studies and exhibitions on various aspects of chemical and petrochemical sectors.

9.2 The Department informed that the Budget proposals for CPDS are as given below:-

MAJOR HEAD 2852						**(Rs. in crore)**		
BE 2012-13			**RE 2012-13**			**BE 2013-14**		
Plan	Non -Plan	Total	Plan	Total-Plan	Total	Plan	Non-plan	Total
10.00	--	10.00	2.00	--	2.00	3.00	--	3.00

9.3 When the Committee asked the Department to justify the variations in budgetary allocation for the scheme from year to year, the Department replied in writing as under:-

> "During the 11th Five year Plan, against allocation of Rs. 14.42 crore, the Department had disbursed/ utilized Rs. 13.64 crore (Achieving 94.59% utilization). Keeping in view the trends of disbursement/utilization, an amount of Rs. 17.50 crore @ Rs. 3.50 crore per year for the entire Plan period for the 12th Plan was envisaged. Besides this, certain other Plan schemes were also considered for initiation during the said Plan period. These included Technology Upgradation Fund for Indian Chemical Sector, for which an outlay of Rs. 500 crore as budgetary support was envisaged (@ Rs. 125 crore/year from the second year of the plan period) and Inventorization of Chemicals scheme with an outlay of Rs. 50.00 crore (@ Rs. 10.00 crore/year). However, only an amount of Rs. 10.00 crore was allocated to this Department for all these three schemes put together under CPDS (Plan) Head of Account. As the new schemes could not be appraised till the end of the BE stage, the Department decided to surrender Rs. 7.5 crore. Further, at the time of finalization of RE figures, an amount of only Rs. 2.00 crore was allocated to this Department under CPDS (Plan) Head of Account for the year 2012-13."

9.4 According to the Department, the following activities are planned during 2013-14:-

i) Promotion of chemical industry by organizing **India Chem** events. These events are undertaken in association with FICCI once in two years. So far, seven such events have been undertaken and the next event will be in October, 2014. Similarly, India-Chem Gujarat, an event which also takes place once in two years focusing on specialty chemicals segment, will take place in 2013 for which preparatory work has already commenced. Similarly, an event for the plastic industry is planned to be held in 2013. Actions for international promotion of these events will have to be undertaken. The

Department shall also undertake to supplement the efforts of the industry associations for holding both domestic and international seminars/conferences etc. for the promotion and development of chemicals as well as petrochemicals. This will include road shows in various countries with developed chemical industry as also those having good market potential for Indian industry. International Buyer-Seller Meet is also envisaged to be organized.

ii) Action will also be taken to promote PCPIR policy. Promotional activities for the promotion of chemical/plastic hubs will also be considered.

iii) It is also proposed to undertake various activities such as holding/organizing conferences/seminars/workshops/studies/awareness campaigns etc. for the promotion of chemical and petrochemical sectors as also for promoting awareness about various International Conventions such as Prior Informed Consent procedure under Rotterdam Convention and obligations under EU policy of Registration, Evaluation and Authorization of Chemicals (REACH) etc. Delegations will be sent and also delegations invited for facilitating these activities for which expenditure on travel etc. would be required to be incurred.

iv) Government has also initiated steps towards preparation of chemical inventory of India to ensure protection of human health and environment. While maintaining competitiveness and innovative capability of chemical industry, it is imperative for India to have a comprehensive analysis for the necessity of chemical legislation on the lines of REACH of European Union and other chemical management legislations adopted by other countries like China, Canada, Japan, Malaysia etc. Preparation of inventory of chemicals produced, traded and consumed in India is an important step in that direction for which action has been initiated by the Department in association with CHEMEXCIL, an industry association.

9.5 Regarding the Committee's earlier recommendation which stated that the Department should examine the desirability and feasibility of a comprehensive legislation on the lines of the European Union's REACH to regulate the industry, including the chemicals and petrochemicals industry, on the safety of their products *(26th Report, Rec. No. 4*), the Department, in its Action Taken Statement had stated that it is acting on the recommendation and is in the process of consultation with various stakeholders (*Action Taken Statement on 31st Report, p.3*). In this regard, when the Committee asked for a detailed status report on the efforts made to introduce a comprehensive legislation to regulate the chemicals and petrochemicals industry in India, the Department of Chemicals and Petrochemicals, in its written reply stated as under:-

"The Department has prepared a status paper covering the various salient features of the European Union Registration, Evaluation & Authorization of Chemicals (EU REACH) legislation in a comprehensive manner and their comparison with various provisions of existing legislations enacted by various Ministries/Departments. The status paper also includes salient features of similar chemical legislations enacted by other countries such as Canada, Turkey, China, Japan, Malaysia and South Korea etc. to have a comprehensive understanding of their procedures of implementation and

other different provisions. The said status paper covering the details on obligations of manufacturers/importers/exporters of chemicals under EU legislation as well as covering the salient features of similar legislations enacted by other countries has been circulated to the stakeholders i.e. the industry associations and concerned Government Departments on 17.12.2012. They have been asked to give their comments/suggestions on the desirability & form of similar legislation for India. The comments from all concerned are still awaited. They have been reminded in February 2013 to provide their views expeditiously. The matter will thereafter be considered on receipt of their views and a decision will be taken accordingly."

CHAPTER X

NATIONAL POLICY ON PETROCHEMICALS

10.1 The Petrochemicals sector in India has the potential of capturing massive investments and growth to become a major global player. The Government approved the National Policy of Petrochemicals on 12.04.2007. The National Policy on Petrochemicals aims to:

- Increase investments in the sector both upstream and downstream
- Increase the domestic demand and per capita consumption of plastics and synthetic fibres and to increase the use of petrochemicals in thrust areas;
- Increase the competitiveness, polymer absorption capacity and value addition in the domestic downstream plastic processing industry through modernization, research and development measures and freeing it from structural constraints;
- Facilitate investment in the emerging areas of the petrochemical sector and achieve environmentally sustainable growth through innovative methods of plastic waste management, recycling and development of bio-, photo-degradable polymers and plastics.
- Promote Research and Development in Petrochemicals and promote Human Resource Development.

10.2 In pursuance of the National Policy of Petrochemicals, the Government formulated three schemes viz. (a) National Awards for Technology Innovation in various fields of Petrochemicals and downstream Plastic Processing Industry; (b) Setting up of the Centres of Excellence (CoE) in the field of Petrochemicals; and (c) Setting up of Plastic Parks.

10.3 The data below shows an allocation of Rs. 39.50 crore for 2013-14 under the head of 'New Schemes of Petrochemicals', which is being implemented as part of the National Policy on Petrochemicals.

MAJOR HEAD 2852					(Rs in Crores)			
BE 2012-13			RE 2012-13			BE 2013-14		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
36.20	--	36.20	8.63	--	8.63	39.50	--	39.50

10.4 The Committee enquired about the huge variations in Plan allocation between BE 2012-13, RE 2012-13, and BE 2013-14 as can be seen from the above data and the Department, in its written reply, stated as under:-

> "The budgetary allocation for 2012-13 were meant for (i) National Awards for Technology Innovation in various fields of Petrochemicals and downstream Plastic Processing Industry; (ii) Setting up of the Centres of Excellence (COE) in the field of Petrochemicals; and (iii) Setting up of Plastic Parks. The funds for the schemes of National Awards for Technology Innovation and Setting up of the Centres of Excellence are expected to be fully utilized in the year 2012-13 owing to effective implementation of these schemes. However,

funds allocated for setting up of Plastic Parks could not be utilized as the State Governments concerned whose proposals were accorded in-principle approval, could not submit Detailed Project Reports (DPRs), complete in all respects, in time. Considering that Tamil Nadu, Madhya Pradesh, Assam & Odisha will submit complete DPRs in 2013-14, funds have been sought for the year 2013-14."

10.5 According to the Department, the allocated amount of Rs. 39.50 crore includes provision of Rs. 0.50 crore for the new scheme (proposed to be initiated in 12th plan) namely the awareness programmes through CIPET and industry associations. Giving details of this new scheme under which awareness programmes would be organized through CIPET / Industry associations via Promotional CDs/Media campaign, Seminars, participation in Exhibition, Feasibility Studies, the Department informed as under:-

"Plastics per se are inert. However, its non-biodegradable properties are attracting environmental concerns. Plastic waste management is necessary to sustain the growth of the plastic processing industry. The indiscriminate littering of plastic carry bags and other packaging materials are major concerns and induce negative image/publicity for the entire plastic products. The systematic collection and segregation of the plastic materials and organized recycling with appropriate technology are required to be promoted in public domain so as to bring out positive aspects of plastic. The Department proposes to launch media campaign/hold seminars aimed at countering myths about plastic products as also spreading the best practices on segregation at source, collection mechanism and recycling of plastics and technology options. The payments due to the consultants hired for feasibility studies undertaken to formulate and implement Schemes under National Policy on Petrochemicals as also to Programme Manager for implementation of Plastic Park scheme would also be provided."

10.6 On being enquired by the Committee about the details of all the activities and initiatives undertaken under the National Policy since its inception and as to whether the Policy is serving its intended purpose as of now, the Department, in its written reply stated as under:-

"The visions envisaged in the National Policy on Petrochemicals has resulted in formulation of the three schemes viz. Setting up of Centres of Excellence, National Awards for Innovation in the Downstream Plastic Processing Industries and Setting up of Plastic Parks in the 11th Plan. The first two schemes aim at encouraging and incentivizing petrochemical research and technology in the country. The Department has set up two Centres of Excellence at CIPET Chennai and NCL Pune. CIPET Chennai is presently working on green transportation network (COE-GREET) and National Chemical Laboratory (NCL), Pune is undertaking research on sustainable polymer industry through research, innovation and training (COE-SPIRIT). Moreover, Department has decided to set up three more COEs in the 12th Plan. Further, under the scheme of National Awards, Department has felicitated path breaking innovations in various fields of polymers and its

applications in the year of 2010-11 and 2011-12 and awardees for 2012-13 will be facilitated shortly.

The Indian Plastics industry is large but highly fragmented with dominance of tiny, small and medium units. The scheme for Setting up of Plastic Park aims at synergizing and consolidating the capacities through cluster development. The Department gave in-principle approvals for setting up of Plastic Parks to four State Governments, namely, Tamil Nadu, Madhya Pradesh, Assam and Orissa. The Detailed Project Reports (DPRs) received from Madhya Pradesh and Tamil Nadu are under evaluation in consultation with the Programme Manager (PM) for the final approval. The other two states are also in different stages of preparation of detailed project reports. Further, the Department has undertaken and supported technical seminars on diverse applications of polymers.

The Department, in association with FICCI, has also launched international exhibition and domestic conference, named POLY-INDIA, in the year 2011 to showcase the latest engineering and technological developments in the fields of polymers processing machinery and facilitate the business to business interactions. The second edition of POLY-INDIA is scheduled to be held in Chennai in April, 2013. The Department continues to engage with stakeholders to promote plastics application in thrust areas like irrigation, water conservation, engineering goods, automobile and telecommunication sectors etc, through seminars, workshops and conferences***."***

10.7. When the Committee desired to know as to how many states have so far indicated their interest in setting up Plastic Parks and about the decisions taken at the latest sitting of the Scheme Steering Committee scheduled for March, 2013, the Department, in its written reply stated as under:-

"In response to the Department's letters to all State Governments/UTs for participation in the scheme of setting up of Plastic Parks under the scheme "National Policy on Petrochemicals", a total of 8 proposals were received from the various States viz. Assam, Gujarat, Madhya Pradesh, Orissa, Rajasthan, Tamil Nadu, West Bengal and Andhra Pradesh. Scheme Steering Committee (SSC) decided to grant in-principle approval to the four proposals from Tamil Nadu, Madhya Pradesh, Assam and Orissa for setting up of Plastic Parks.

The Detailed Project Report (DPR) for Plastic Parks in these four States were scheduled to be discussed in the meeting of SSC on 14.03.2013. However, State Governments requested to postpone the meeting as they were not ready with the final DPR, complete in all respects. Accordingly, the meeting has been postponed."

10.8 When the Committee desired to know as to how mass campaigns through the media, seminars, etc. could be effective if the Government itself bans the use of plastics, the Department in its written response stated as under:-

"Due to various advantages like light weight, energy efficiency, strength of convenience, innovative designs, plastics find applications in automotive, electronics, water management, building and construction, health care, agriculture, food conservation, packaging etc. It has become an important

material to be used in most of the consumer and industrial applications as a replacement for metals and other materials. Although some of the State Governments have proposed imposition of ban on the plastic carry bags due to local conditions, however, such impositions only affect the manufacture and sale of carry bags which constitute less than 2% of the entire range of polymer applications. However, it is important to spread the social message - that plastic is not per se detrimental to environment because it leads towards resource conservation and reduces deforestation and energy consumption and improves water and food management and agriculture productivity. Department of Chemicals & Petrochemicals, accordingly, is conducting various awareness programmes / technical seminars through CIPET / FICCI etc with stake holders like Municipalities and local self governments and urban authorities on issues related with Plastic Waste Management in the country. The plastics are re-processable and recyclable in nature and in the technical seminars the various aspects related to plastics recycling andvarious technological options of recycling are being explained to various stake holders.

The various programmes conducted in the year 2012-13 includes one day conference through FICCI at Chandigarh on 26.6.2012, one day technical seminar through CIPET on Plastic Recylcing & Waste Management on 22.2.2013 at Varanasi, 3-Day Conference through CIPET on Advancements in Polymeric Materials on March 1-3, 2013 at Lucknow. One more technical seminar through CIPET on Plastic Recylcing & Waste Management is proposed to be held on 23.3.2013 at Hyderabad. 4 such seminars are planned for 2013-14 also."

10.9 When the Committee further desired to know the views of other concerned Ministry like the Ministry of Environment and Forest (MOEF) regarding the use and promotion of plastics and also whether there is any effective coordinative mechanism between the Ministry of Chemicals and Fertilizers and MOEF in this regard, the Department in its written response stated the position as under:-

"Ministry of Environment and Forest (MOEF) does not prohibit the use and promotion of plastics. Plastics by nature are chemically inert materials and do not harm environment and health. It has replaced conventional materials such as paper, wood, metal, glass, leather etc. and has thus led to resource conservation and reduced deforestation. Further, its favourable strength to weight ratio reduces cost of transportation and facilitates energy conservation at each stage of production, usage and recycling. Besides, it has led to many consumer conveniences – food security, made possible hygienic packaging of smaller quantities at affordable prices; increased shelf life, protection against contamination and adulteration etc. However, based on the consultations held with the various stake holders including, Ministry of Urban Development, Central Pollution Control Board (CPCB), Department of Chemicals and Petrochemicals, Industry Associations, etc. MOEF has laid down various guidelines and conditions (Plastic Waste (Management & Handling) Rules, 2011 on 4th February, 2011 and further amendment on 2nd July, 2011) for manufacture, stocking, distribution, sale and use of carry bags. The guidelines, *inter alia*, include minimum thickness of 40 microns for carry bags etc. Which would create sufficient economic value for manual collection and thus incentivize recycling. The MOEF regularly consults

Department of Chemicals and Petrochemicals, Ministry of Chemical and Fertilizers on various issues related with Plastic Waste Management in the country."

10.10 On being asked by the Committee further asked about the steps taken by it to convince state governments and city administrations (like Delhi), as different from the public, on the benefits of plastic products and negative effects of such a blanket ban on its use, the Department of Chemicals and Petrochemicals in its written reply stated as under:-

"There is no blanket ban on plastic. Certain States and cities have put restrictions on use of plastic carry bags. The Department is conducting various awareness programmes / technical seminars through CIPET in various parts of the country on plastics recycling and waste management which is attended by representatives of the State Government, Municipal Authorities, concerned industrial associations, media and other stakeholders. Plastics facilitate conservation and reduce deforestation and energy consumption and improve water and food management and agriculture productivity, in addition to being 100% recyclable. Further, considering that local municipal authorities are entrusted with the overall responsibility of managing municipal solid waste including plastic waste, various methodologies related with plastic waste management with technological options available for recycling of plastic waste are also explained to municipal authorities and other stakeholders. Department has also actively contributed and provided scientific inputs while framing of Ministry of Environment and Forest's guidelines and conditions {Plastic Waste (Management & Handling) Rules, 2011 notified on 4th February, 2011 and further amendment on 2nd July, 2011} for manufacture, stocking, distribution, sale and use of carry bags."

CHAPTER XI

PETROLEUM, CHEMICALS, PETROCHEMICAL INVESTMENT REGIONS (PCPIRS)

11.1 The Cabinet Committee on Economic Affairs (CCEA), in its meeting held on 8th March, 2007 approved the Policy Resolution for setting up of PCPIRs. As per the PCPIR Policy, Government of India is to ensure availability of external physical infrastructure linkages to the PCPIR including Rail, Road (National Highways), Ports, Airports and Telecom in a time bound manner. This infrastructure will be created/ upgraded through Public Private Partnerships to the extent possible and the Central Government will provide necessary viability gap funding (VGF) through existing schemes. The Government of India notified the Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) Policy on 4th April, 2007.

11.2 Since February 2009, Government of India has approved the setting up of PCPIRs in Dahej in Gujarat, Paradeep in Orissa, Vishakhapatnam – Kakinada region in Andhra Pradesh and Cuddalore – Nagapattinam districts of Tamil Nadu. Memoranda of Agreement have been signed with all the State Governments (except Tamil Nadu, which is presently under consideration of the State Government), duly outlining the respective commitments and milestones with timelines for implementation. These PCPIRs are in various stages of implementation and the progress is being monitored by a High Level Monitoring Committee chaired by Secretary (C&PC). The PCPIRs have been showcased and promoted both at the domestic and international levels along with the State Governments and committed investors through road shows, in exhibitions, seminars, conferences etc.

11.3 Once fully established, these PCPIRs are expected to attract Rs. 7,62,894 crore of investment. Till date investments worth approximately Rs.1,80,000 crore have been made in these regions. Of the total infrastructure worth Rs. 53468.7 crore expected to be created in the PCPIRs, Government of India's contribution would be Rs. 4646.30 crore. The PCPIRs are projected to generate employment for approximately 33.96 lakh people. The PCPIR wise details in this regard are summarized in the following table.

Fact sheet on PCPIRs

State	Investment Expected (in Rs crore)	Actual as on 31.12.2012 (in Rs. crore)	Infrastructure Investment (in Rs crores)			Employment (in lakh persons)
			Total	GoI Share		
				VGF	Budgetary support	
Andhra Pradesh	3,43,000	9688.92	18,731	1206.8	-	11.98
Gujarat	50,000	1,29,379	7,749.7	80.5	-	8.0
Orissa	2,77,734	35,000	13,634	716.0	-	6.48
Tamil Nadu	92,160	6,090	13,354	1143 .0	1500	7.50
Total	7,62,894	180157.92	53468.7	3146.3	1500	33.96
					4646.3	

11.4 The Committee had earlier expressed concern over the lack of progress in the implementation of PCPIRs in the country and recommended, in their 26th Report on DFG 2012-13 and 31st ATR Report, on the need for time-bound implementation of the PCPIRs and setting of deadlines for creation of infrastructure, In this regard, the Committee desired to know the views of the Department of Chemicals and Petrochemicals regarding those recommendations. In its written reply, the Department submitted as follows:-

> "The concerns of the Committee over the lack of progress in the implementation of the PCPIRs in the country have been noted. The specific milestones with timelines have been identified, as per the Memorandum of Agreement (MoA) signed with various State Governments. Details of these milestones and the progress achieved by various states is tabulated as follows:

Milestone to be achieved	Status in Andhra Pradesh	Status in Gujarat	Status in Orissa	Status in Tamil Nadu
Formation of Development Authority by the State Government within 6 months of signing of MoA	Achieved - Special Development Authority (SDA) constituted in 5/2008	Achieved - Regional Development Authority constituted and notified by Govt in Sept 2010	Though a Special Purpose Vehicle called the Paradeep Investment Region Development Ltd has been formed, the formal management structure has not yet been put in place owing to process of finalization of Draft Act for setting up such regions.	Memorandum of Agreement with the State Government is yet to be signed.
Preparation of Master Plan/Development Plan within 12 – 18 months of signing of MoA	Draft Master Plan submitted by the Consultants is under review of SDA and APIIC	Final Draft Development Plan has been sanctioned by the Apex Authority in September 2012.	Selection process for consultant for preparation of Master Plan is on.	

Milestone to be achieved	Status in Andhra Pradesh	Status in Gujarat	Status in Orissa	Status in Tamil Nadu
Notification of the area by the State Government within 1 month of preparation of Master Plan	Preliminary notification done in May, 2008 vide G.O. No. 373 of Municipal Administration & Urban Development	Notified on 09/06/2009 under Special Investment Region Act.	Legal statute for notification is under finalization.	
Taking steps within the State Government's purview for obtaining environmental clearance within 12 -18 months of signing of MoA	Terms of Reference approved by M/o E&F in 9/2011. Environment Protection Training Research Institute (EPTRI) expected to submit final report by April 2013. Individual environmental clearance obtained for various SEZ in the PCPIR	Final EIA report submitted by consultant NEERI on 05/10/2012. Procedure for public hearing is in progress.	Is yet to be undertaken	

The progress on each of the milestones and the various other activities in the PCPIRs is monitored on a quarterly basis through reports and meetings, by a High Level Monitoring Committee, under the Chairmanship of the Secretary, Chemicals & Petrochemicals."

11.5 In this regard, the Department, in its *Annual Report 2012-13*, (pp. 23-24) has stated as follows:-

"In order to take measures to improve the pace of growth of the PCPIRs and improve their viability, based on an in depth examination of the policy and wide ranging consultations with industry, State Governments and other interested parties, the following specific recommendations have been made by the Department for consideration and recommendation by the High Powered Committee:

(i) In future PCPIRs to be sanctioned, there must be clear and unconditional commitments from the anchor tenants in the form of MoUs with the State Government concerned duly outlining the type of investment, approximate amount and indicative timelines. There should also be tripartite MoUs among the DCPC, the State Government and the anchor tenant. In case of any subsequent deviation in the investment proposed by the anchor tenant, a revised approval of the authority sanctioning the PCPIR (CCEA) will be necessary.

(ii) There should be Nil customs duty on hydrocarbon feedstock imported by anchor tenants in PCPIRs with a commitment for maintaining this duty structure over a ten year period.

(iii) Reduction of customs tariff (consequent to India's commitment in Free Trade Agreements – FTAs), on some of the important petrochemical products that will be manufactured in PCPIRs acts as a deterrent to fresh investments in PCPIRs. It is recommended that in the FTAs to be signed in future and in case of review of existing FTAs, the custom duty on such products should not be reduced any further.

(iv) Provision of 50% GoI funding of items such as:

- Preparation of Master Plan;
- System for treatment, recycling and disposal of hazardous solid waste and liquid chemical waste in PCPIRs;
- Desalination and water recycling plants in PCPIRs;
- State of the Art Disaster Prevention and Management Centre;
- One Escape Route in each PCPIR to facilitate diversion of population/traffic in the event of any contingency; and
- Infrastructure projects such as roads connecting PCPIRs in neighbouring States (Orissa, A.P. and Tamil Nadu) as national projects.

(v) As envisaged in the National Manufacturing Policy (NMP), timelines will be defined in respect of all clearances required for setting up a PCPIR. In case the decision is not taken within the specified timeline, the clearance will be 'deemed' to have been given on expiry of the time line. Along the same lines as the National Investment and Manufacturing Zones (NIMZs) under the NMP, environmental clearances for PCPIRs under the EIA Notification, 2006 shall be considered on a high priority.

(vi) There will be several components in new PCPIRs and existing PCPIRs, where central funding is possible through the Industrial Infrastructure Development Scheme of DIPP, JNNURM of M/o UD etc. When the State Government suggests components in PCPIRs to be funded through such schemes of GOI, the sanctioning Ministry in GOI should give appropriate priority to these.

The above recommendations are likely to be considered by the High Powered Committee chaired by Cabinet Secretary shortly."

11.6 When the Committee asked the Department to explain the criteria prescribed for selecting Anchor Tenants for PCPIR projects and the number of Anchor Tenants selected so far, the Department of Chemicals and Petrochemicals in its written reply stated as under:-

"Anchor tenant is the principal investor in the region which establishes a refinery -cum-cracker complex to facilitate steady supply of feedstock to the downstream industries to come up in the region. As per the PCPIR policy there is no laid down criteria for selection of Anchor Tenant. Large players, such as Oil PSUs/ OMCs, etc., who are already in the field of petrochemicals and who have the financial and technical knowhow and are interested in investing large sums of money for such projects in the region are generally chosen as the Anchor tenants by the respective State Governments. M/s ONGC Petro Additions Ltd.(Opal) is the Anchor tenant in the Dahej PCPIR at Gujarat, M/s Hindustan Petroleum Corporation Limited (HPCL) and M/s GMR are the anchor tenants in the Vishakhapatnam – Kakinada PCPIR in Andhra Pradesh, M/s Indian Oil Corporation Limited (IOCL) is the anchor tenant in the Paradeep PCPIR in Orissa, and M/s

Chennai Petroleum Corporation Limited(CPCL) and M/s Nagarjuna Oil Corporation Limited (NOCL) are the anchor tenants in the Cuddalore - Nagapattinam PCPIR in Tamil Nadu."

11.7 On being asked by the Committee to explain the concept of Viability Gap Funding (VGF), whether it is mandatory for the Government to undertake VGF in implementing PCPIR projects and the number of VGF undertaken so far. the Department in its written reply stated as under:-

"The scheme of Viability Gap Funding (VGF) is a scheme of the Ministry of Finance (D/o Economic Affairs) to meet the funding gap to make economically essential projects, commercially viable to obviate the need for Government funding for such projects through Public Private Partnership in infrastructure Projects, thus facilitating private sector efficiencies in infrastructure development.

The Cabinet Committee on Economic Affairs (CCEA) while appraising and approving the proposals of the State Governments of Gujarat, Andhra Pradesh and Orissa stated that the VGF pattern for funding of the infrastructure projects would be in these PCPIRs. In the PCPIR proposal of the Govt. of Tamil Nadu budgetary support of Rs. 1500 crores has been sanctioned in addition to VGF support in respect of a as Rail project which would be taken up at a subsequent stage on a 'need – basis' state.

The details of the projects where VGF is to be undertaken in the PCPIRs is as below:-

Sl.No.	Details of infrastructure	20% VGF support from Govt of India (Rs. In Crore)	Present Status
		ANDHRA PRADESH	
		Roads	
1.	Coastal Corridor from Gangavaram to Kakinada	387.40	DPR for phase I is stated to be in final stages of approval. The process is held up owing to pending land issue with Vishakhapatnam steel plant. Alignment of Phase II of the project is being finalized. Draft Report by the Consultant is expected by September 2013.
2.	(i) NH 214 four laning Kathipudi to Kakinada (ii)Upgradation from 4 to 6 lane at a later stage (iii) Paving of shoulders of NH 214	52. 00 77.40 12.00	Consultant's report has been examined. Work is expected to commence by March'13.
3.	Six laning of Vishakhapatnam – Rajahmundry	152.00	For the work from Annandapuram to Anakapalli via Vishakhapatnam, work has been entrusted to M/sTransstroy Consortium Pvt. Ltd. Agreement was entered between NHAI and the Consortium in April 2012.
Total (A) : Roads		**680.80**	

Sl.No.	Details of infrastructure	20% VGF support from Govt of India (Rs. In Crore)	Present Status
4..	Rail connectivity	102.00	Of four projects, State Government has conveyed its intent only to pursue one at this point, viz. AP SEZ to Gangavaram Port. Feasibility study for this has been allotted to RITES. Feasibility study submitted by RITES was approved by APIIC. RITES is being requested to submit DPR.
Total (B): Rail		102.00	
7.	New Vishakhapatnam International Airport	400.00	State Govt will take this up at a later stage
8.	Upgradation of Rajahmundry Airport	24.00	MoU has been signed between State Government and AAI.
Total (C): Air		**424.00**	
Total (A+B+C)		**1206.80**	

Sl.No.	Details of infrastructure	20% VGF support from Govt of India (Rs. In crore)	Present Status
II. GUJARAT			
Roads:			
1	Upgradation of SH 6 from 4 to 6 lane and land acquisition: Dahej- Bharuch stretch - within GPCPIR	13.38	State Government has informed that it would be taking up requests for these projects only in the Twelfth Plan. No DPR has been received from the State Government till now.
2	Upgradation of SH 6 from 4 to 6 lane and land acquisition: Dahej- Bharuch stretch - outside GPCPIR	4.42	
3	Upgradation of SH-6 from 2 to 4 lane, strengthening of existing road and land acquisition: Coastal Highway Stretch – within PCPIR	2.68	
4.	Upgradation of SH-6 from 2 to 4 lane: Coastal Highway Stretch – outside/external link	0.40	
5.	Upgradation of SH-6 from 2 to 4 lane: Vagra Pakhajan Jolwa stretch – within PCPIR	11.16	
6.	Upgradation of SH-6 from 2 to 4 lane: Vagra Pakhajan Jolwa stretch – outside/external stretch	2.30	
7.	Upgradation of SH-68 from 2 to 4 lane and land acquisition: External stretch – Derol Bharuch Road	5.52	
8.	Construction of 4 lane link route and land acquisition: Within PCPIR	19.84	
Rail			
9.	Rail Cargo for handling and Storage Facilities for 30-45 days of storage: Within PCPIR	10.00	State Government has informed that it would be taking up requests for these projects only in the Twelfth Plan. No DPR has been received from the State Government till now.
10.	Extension of railway line and land acquisition: Dahej to Port	10.80	
	TOTAL	**80.50**	

Sl.No.	Details of infrastructure	20% VGF support from Govt of India (Rs. In Crore)	Present Status
III. ORISSA			
1.	Up gradation of NH- 5A.	76.00	This is being developed under NHDP and bidding is under way.

2.	Greenfield Coastal Corridor (Astrang Port-Paradeep PCPIR –Dhamra Port).	410.00	Selection of consultant will be taken up shortly.
3.	Greenfield Road between Bhubaneswar and PCPIR (Phase I- 0 to 4 lane; Phase II- 4 to 6 lane)	190.00	Selection of consultant will be taken up shortly.
	Total	**676.00**	
Port			
4.	Additional Cargo Handling Facilities at Paradeep Port	40.00	Will be taken up in the second phase
Total		**716.00**	

From the above it is clear that various infrastructure projects to be taken up by the respective State Government with VGF supports are in initial stages of appraisal, by the various authorities. These projects will subsequently be considered by the Department of Economic Affairs along with the respective line Ministries/ Departments on specific request from the State Governments for release of the VGF funds***."***

11.8 During the Committee's Study Visit to the Andhra Pradesh PCPIR project at Visakhapatnam during February 2013, the Committee had expressed concern over the slow pace of implementation of the project which was due to non-investment by the anchor tenant (HPCL) and had observed that a huge project like this will not progress till the issues with the anchor tenant are resolved. The Committee had further observed that the HPCL should be reallocated the land measuring 15 acres in the PCPIR which has already got the environmental clearance and that the HPCL, as the anchor tenant, should come forward and set up its refinery unit in a time bound manner. In this regard, the Committee, therefore, desired to know about the steps taken or proposed to be taken by the Department to expedite the pace of implementation of the AP-PCPIR, the Department in its written reply stated as under:-

"Subsequent to the study visit of the Committee to the Andhra Pradesh PCPIR, Secretary, Department of Chemicals & Petrochemicals has attended a meeting with officials of the Govt. of Andhra Pradesh, Hindustan Petroleum Corporation Limited and others at Hyderabad on 11th March, 2013. During the meeting, HPCL has expressed its continuing interest to set up a green field Refinery in the APPCPIR, as also to expand the capacity of the existing refinery in Visakhapatnam (subject to environmental clearance). HPCL also stated that they are in search of collaboration for the petrochemical complex. HPCL has sent a general letter for reallocation of the 1500 acres of land.

Government of Andhra Pradesh (APIIC) has requested HPCL vide letter dated 18.03.2013 to submit the following documents for establishing petroleum refinery and petrochemical complex at Atchutapuram near Visakhapatnam.

(i) Detailed Feasibility Report.
(ii) Project Business Plan.
(iii) Timelines for project implementation.
(iv) Proposed Employment and Investment.
(v) Detailed Proposal on various incentives and facilitations required from Government of Andhra Pradesh."

CHAPTER XII

PUBLIC SECTOR UNDERTAKINGS

12.1 The Department of Chemicals and Petrochemicals has two functional divisions, namely, Chemicals Division and Petrochemicals Division.

Within the Chemicals Division, there are two Public Sector Undertakings:-

i) Hindustan Organic Chemicals Limited (HOCL)
ii) Hindustan Insecticides Limited (HIL)

There is one Public Sector Undertaking (PSU) in the Petrochemicals Sector, namely, Brahmaputra Cracker and Polymer Ltd. (BCPL).

12.2 The Department's Detailed Demand for Grants 2013-14 shows a budgetary allocation of Rs. 10 crore under the head of Investments in Public Enterprises as shown below-

MAJOR HEAD 6857								(Rs in Crores)
BE 2012-13			RE 2012-13			BE 2013-14		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
40.00	--	40.00	28.73	--	28.73	10.00	--	10.00

12.3 The above data shows a steadily decreasing allocation under the scheme from year to year. When asked to explain the reasons for the steady decline in fund allocation under this Head, the Department, in its written reply stated as under:-

"The support to PSUs is provided as Plan Loan for increasing operational efficiency, diversification and upgradation of Plant and Machinery. The support provided to the PSUs is need based and project specific."

12.4 The Department's Detailed Demand for Grants 2013-14 also shows a budgetary allocation of Rs. 0.03 crore under the head of Loans to Public Enterprises as shown below-

MAJOR HEAD 6856 and 6857								(Rs in Crores)
BE 2012-13			RE 2012-13			BE 2013-14		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
--	1.12	1.12	--	--	--	--	0.03	0.03

12.5 As per the above data, the total loans to PSUs under Major Heads 6856 and 6857 is Rs. 0.03 crore (2013-14). The same was Rs. 1.12 crore and 1.10 crore during 2012-13 and 2011-12 respectively. In this regard, the Committee desired to know as to how the PSUs utilized the loan amount during 2012-13 and 2011-12 and how the loans for the current years shall be utilized**.** In its written reply, the Department stated as under:-

"PSUs did not utilize the Non-plan loan amount during 2012-13 and 2011-12. For 2013-14, the same will be utilized if demand is received from HOCL."

12.6 When the Committee asked for a detailed statement of investments made in public enterprises during the last three years, the Department, in its written reply, the Department stated as under:-

"Investments in PSUs (i.e. HOCL & HIL) for the last three years were made as Plan Loan to the company depending on their needs, based on projects to be undertaken by them. The details of the plan loans made during the last three years to HIL and HOCL are as follows:-

Name of the PSU	Year	Projects for which plan loan released	Amount of plan loan
HIL	2009-10	I) Multi- product plant –Rs.3.00 core II) Buprofezin Plant retrofitting- Rs.11.00 crore III) Malathion Plant retrofitting- Rs.1.93 crore. IV) E.T.P. Upgradation- Rs.2.00 crore V) Rainwater Harvesting- Rs.1.00 crore VI) Chloropyriphos- Rs.3.00 crore VII) E.R.P. Implementation- Rs.3.00 crore	Rs.24.93 crore
	2010-11	NIL	NIL
	2011-12	NIL	NIL
HOCL	2009-10	I) Hydrogen plant up-gradation for change of fee stock – Rs. 99 lakh. II) Up gradation of Distributed Control System (DCS) for Concentrated nitric acid, Di nitrogen tetra oxide (N2O4), Aniline plants- Rs. 180 lakh. III) De-bottle necking of hydrogen peroxide (H2O2) plant capacity-Rs. 185 lakh. IV) Implementation of Enterprise Resource Planning (ERP) scheme.-Rs. 929 lakh. V) Dual fired (CNG/Fo) boiler- Rs. 110 lakh	Rs.15.03 crore
	2010-11	NIL	NIL
	2011-12	NIL	NIL

HINDUSTAN ORGANIC CHEMICALS LTD. (HOCL)

12.7 The Hindustan Organic Chemicals Limited (HOCL) was incorporated on 12th December 1960, for setting up manufacturing capacities for chemicals/ intermediates which are required for production of dyes, dye-intermediates, rubber chemicals, pesticides, drugs and pharmaceuticals, laminates, etc. It was expected that indigenous manufacture of these chemicals and intermediates would give impetus to downstream industry resulting in setting up of chemical units and achieving self-sufficiency for the country in this area. The objective behind setting up of HOCL has been achieved to a large extent as over the years, more than 500 units based on HOCL's products have been set up all over the country. These have not only helped in achieving self sufficiency but have also entered the

international market by exporting chemicals, dyes and drugs for over the last many years.

12.8 The products, manufactured by HOCL include phenol, acetone, formaldehyde, nitrobenzene, aniline, nitro toluene, nitric acid, di-nitrogen tetra-oxide (N_2O_4) and hydrogen peroxide. The raw materials used by HOCL are benzene, toluene, LPG, methanol, CNG and sulphu and most of these come from petroleum refineries. HOCL is the only manufacturer of liquid rocket propellant N_2O_4 in the country.

12.9 HOCL has two units at Rasayani (Maharashtra) and Kochi (Kerala). It also has a subsidiary company, M/s Hindustan Fluorocarbons Limited located at Rudraram (Andhra Pradesh) for manufacture of poly-tetra-fluoro-ethylene (PTFE), a high- technology engineering plastic.

12.10 HOCL has been making efforts to reduce the cost of production. At Rasayani, for producing Aniline, feedstock Naphtha has been replaced by CNG. Similarly, at Kochi, fuel LSFO will be replaced by RLNG by mid 2013, which will bring down the cost of production of Phenol and Acetone. The company is also debottlenecking the production capacity of Hydrogen Peroxide and N_2O_4. Further, in order to put HOCL back on a sustained growth path, the possibility of utilization of vacant land available at Rasayani is being explored through options like merger and/ or JV with RCF, BPCL, JNPT etc.

12.11 The rehabilitation proposal in respect of HOCL was approved by the Government and implemented during 2006-07. Additional outlay for rehabilitation was Rs. 250 crore. HOCL earned profits during 2006-07 and, 2007-08, suffered a loss during 2008-09, 2009-10 and 2011-12 due to global meltdown and again posted profit in 2010-11. In 2011-12, the Company suffered a loss to the tune of Rs. 78.07 crore.

12.12 M/s Hindustan Fluorocarbons Ltd. (HFL) is a subsidiary company of Hindustan Organic Chemicals Limited. HFL was incorporated on 14.07.1983. The Registered office of the company is in Hyderabad. The company is engaged in the manufacture of Poly Tetra-Fluoro Ethylene (PTFE) and Chloro-Di-Fluoro Methane (CFM-22). PTFE is extensively used in chemical, mechanical, electrical and electronic industries, and has strategic applications in the defence and aeronautical sectors. The factory is located at Rudraram, district Medak, Andhra Pradesh.

12.13 The company is under the Board of Industrial and Financial Reconstruction (BIFR). The rehabilitation package under the operating agency M/s IDBI is

approved by BIFR on 03/12/2007 and implementation is completed. Necessary statutory approval for CDM process is obtained. The rehabilitation proposal largely consists of thermal oxidation of CFM-23, produced during production of CFM-22, which qualifies for Clean Development Mechanism (CDM) benefits. The company, after obtaining the host country approval from the Ministry of Environment & Forest (MoEF), had obtained project registration by United Nations Framework Convention on Climate Change (UNFCCC) on 14th November 2008. The company has diversified into profitable business of fluoro speciality chemicals and also developed Fluoro specialty chemicals like TFE-Ether first time in India and successfully selling for the last three years. HFL posted a net profit of Rs.252.25 lakh in 2011-12 as compared to net profit of Rs.223.47 lakh in the previous year.

12.14 In their 26th Report (15th Lok Sabha), the Committee had recommended that the Department should undertake a detailed and comprehensive study of the numerous problems afflicting the HOCL Unit at Rasayani and take necessary action to remedy the situation. Also, during the Study Tour to Mumbai at HOCL undertaken by the Committee during February 2013, the Committee had agreed with the suggestion of HOCL that HOCL and RCF be merged for better productivity and results. In view of the above, the Committee asked about the progress made on those two issues. In its written reply, the Department stated as under:-

> "(i) For making Rasayani unit viable a number of measures have been taken. M/s Deloitte has been commissioned to conduct a study for exploring the various options for forming an alliance between HOCL and RCF.
>
> (ii) HOCL's Rasayani unit has around 1060 acres of land with the requisite environmental and other clearances, and it can be immediately put to use for setting up any chemicals or fertilizer plants and clearance are expected to be easier.
>
> (iii) Rashtriya Chemical Fertilizers Ltd. (RCF), a fertilizer and chemical manufacturing company under the Department of Fertilizers has an operating unit at thickly populated locality of Chembur, Mumbai. RCF has limitations of expanding the capacity and putting up new manufacturing facilities because of ecological constraints and want of space. RCF has another unit operating at Thal in Maharashtra which is about 100 kilometers away from Chembur. Rasayani is located in between Chembur and Thal on the national highway. There could be a good synergy between HOCL and RCF for setting up new large size chemical and fertilizer plants at Rasayani.
>
> (iv) To work further on the proposed alliance between HOCL & RCF , a meeting was held on 1st February 2013 between the Department of Chemicals and Petrochemicals and Department of Fertilizers wherein CMDs & senior officers of RCF, HOCL & Deloitte also participated.

(v) For forming an alliance between HOCL & RCF, various options such as merger or JV are under examination & consideration from the viewpoint of their viability. Decision lies with the Board of RCF."

HINDUSTAN INSECTICIDES LTD. (HIL)

12.15 Hindustan Insecticides Limited (HIL) was incorporated in March 1954 for manufacturing and supplying DDT for the malaria eradication programme **(**NMEP), presently known as National Vector Borne Disease Control Programme (NVBDCP). In 1957, the company set up their second factory at Udyogamandal, near Cochin, for manufacture of DDT. The company set up a plant at Rasayani, Maharashtra in 1977 for manufacture of Malathion, an insecticide used in agriculture and public health. Today HIL has three manufacturing units located at Udyogamandal in Kerala, Rasayani in Maharashtra and at Bathinda in Punjab.

12.16 HIL has played a pivotal role on the public health front by keeping the dreaded disease like Malaria, Kala Azar, Dengue, Japanese Encephalitis etc at bay with the manufacture and supply of DDT. DDT is even today the most effective tool to control the mosquito vector that spreads these diseases. DDT which accounts for almost 48% of turnover is supplied only to the National Vector Borne Disease Control Programme of the Government of India. The Company has now emerged as a leading supplier of DDT to the Globe. UNIDO is buying DDT from HIL for supplying to Zimbabwe. HIL has also supplied DDT to South Africa, Namibia during 2011-12.

12.17 HIL diversified into agro-chemicals in the late seventies to ensure supply of quality pesticides at reasonable prices to the farming community. The agro chemicals are sold through a network of 7 Regional Sales Offices located at Delhi, Ahmedabad, Coimbatore, Hyderabad, Kolkata, Nagpur and Bangalore.

12.18 The company faced a major challenge with a ban on Endosulfan by the Hon'ble Supreme Court of India on 14th May, 2011, that accounted for approximately 20% of annual sales turnover. Despite the ban on Endosulfan, the Company increased the turnover to Rs. 279.82 crore, against Rs. 271.04 crore during last year and the turnover achieved is highest since its inception.

12.19 The revival proposal of HIL was also approved by the Government in July 2006 by waiver of loans, writing off outstanding interest and conversion of loans into equity. After implementation of the revival packages, HIL is continuously earning profits. HIL made a profit of Rs.5.66 crore in 2006-07, Rs.6.52 crore in 2007-08,

Rs.2.71 crore in 2008-09, Rs.3.06 crore in 2009-10, Rs.1.58 crore in 2010-11 and Rs.1.60 crore in 2011-12.

12.20 According to the Department, HIL is in the process of implementing the following new projects and proposals:-

i) The Company has drawn up a growth strategy to further consolidate its position by growing aggressively in new as well as existing markets. One new thrust area identified is the seed business. Ministry of Agriculture, Government of India has given recognition to HIL as a nodal agency for production and marketing of certified seeds for crops and vegetables. The groundwork has already been done to transform HIL into a one stop shop to the farmer i.e. providing two critical agricultural inputs-seeds and pesticides.
ii) The Company also has taken initiatives to develop new products to be used as Indoor Residual Spray. The new molecule is expected to be a major breakthrough in vector control. Work is being carried out at a renowned University which is regularly being monitored by its team of scientists and engineers.
iii) The company also has a well- equipped research team at Central Research & Development Complex of HIL, Gurgaon, to conduct continuous development of safe, economical and environment friendly pesticides formulations. Research is on to develop rectifiers to amend soil reaction and chemicals properties so as to regain the fertility of soil, for which soil samples have been collected from various locations. This is expected to be a boon to the farmers as well as for HIL.
iv) To expand the reach of its products, HIL has also tied up for distribution of its products through the dealer network of KRIHBCO, BVFCL, Rashtriya Chemicals & Fertilizers Limited, National Fertilizers Limited, RAJFED etc.

12.21 The Committee have taken note of the rise of dreaded tropical diseases especially malaria and dengue in recent times which are assuming pandemic proportions. In this regard, the Committee asked the Department to elaborate on the contribution made by HIL in terms of R&D activities and production of medicines to control these diseases. In its reply, the Department submitted in writing as under:-

> "HIL has played a very important role in keeping malaria incidences low by supplying DDT for the vector control programme of the Government of India. DDT, a WHO approved insecticide, continues to be a key tool for control of malaria and kala azar vectors. HIL is the only manufacturer and supplier of DDT 50% Wettable powder for control of Malaria and Kala Azar.
>
> As regards Dengue disease vector control (Aedes mosquito), considering entomological, ecological and vector behavioural parameter, IRS tool is not considered for efficient dengue disease vector control purpose as per guidelines of NVBDCP. Hence, DDT is not used for dengue control.
>
> Space spraying (fogging) and larva control are recommended tool for dengue disease vector control and also for malaria vector control. Malathion is a WHO approved insecticide and also recommended insecticide by our Ministry of Health as space spraying(fogging) tool for malaria and dengue

disease vector control. HIL manufactures and supplies malathion insecticide.

HIL is also looking at developing long last insecticidal net, which is WHO approved vector control tool. This is presently at a very initial stage.

HIL's R&D also developed DDT 75% which is the DDT formulation for export.

As regards R&D activities and production of medicines for controlling tropical diseases such as malaria and dengue, it is submitted that HIL is involved in the area of insecticides and pesticides, and presently is not allowed in the area of medicines.

12.22 In its *Annual Report 2012-13 (p. 48),* the Department has stated that HIL has identified 'seed business' and 'Indoor Residual Spray' as two new projects, among others, to focus on. On being enquired by the Committee about the detailed blue print of those projects and the activities undertaken so far to execute those projects, the Department in its written submission replied as under:-

"The details of the new projects undertaken by HIL are as below:-

Seeds business

HIL got empanelled as a National Level Agency by the Ministry of Agriculture at par with the other Seed producing PSUs like National Seeds Corporation (NSC), State Farms Corporation of India (SFCI), etc. The annual action plan submitted by the company to Ministry of Agriculture also has been approved so as to avail benefits under the various schemes.

HIL subsequently started the seed production of different crops by getting the breeder seeds from Agricultural Universities / ICAR institutes by setting up a Seed Division at Headquarters level by hiring the services of renowned scientists from ICAR and Seed Corporations. Presently the seed production of the company is going in Madhya Pradesh, Rajasthan, West Bengal, UP, Chhattisgarh and Andhra Pradesh and some North Eastern States. The company has also supplied seeds to different State Govt. mainly to the Govt. of Odisha, Bihar, Chhattisgarh, apart from distribution of some of the seeds under Seed Minikit Distribution Scheme of the Ministry of Agriculture. The company has also signed MOUs and obtained the production licence of certain varieties/hybrids from Indian Agricultural Research Institute, Pusa, New Delhi, Jawaharlal Nehru Krishi Vishwavidyalaya, Jabalpur, Vivekanand Parvitya Krishi Anusandhan Sansthan, Almora.\

HIL has achieved a turnover of Rs.15.64 crores from seeds during the financial year 2012-13.

Indoor Residual Spray

Indoor Residual Spray is recommended as a key tool in the control of vector borne diseases. The products used for Indoor Residual Spray are DDT and Synthetic Pyrethroids. HIL is the only producer of DDT in the country. Though synthetic pyrethroids are also recommended, it has been reported

that its resistance is fast developing. DDT is classified as a persistent organic pollutant by Stockholm Convention. WHO permits the use of DDT till viable cost effective alternatives are found. Being the prime producer of DDT, it was thought prudent that HIL should initiate action in development of alternatives as there is a growing need for a new product which can be used as indoor residual spray for control of vector borne diseases. Accordingly, HIL with the support of Department of Chemicals & Petrochemicals, entered into an agreement with the Institute of Chemical Technology, Mumbai for development of DDT alternative which can be used as a indoor residual spray."

12.23 On being enquired about the progress made and the present status regarding the search for a viable and safe alternative to Endosulfan, the production and use of which had since been banned in the country, the Department, in its written reply, submitted as under:-

"Endosulfan is a broad spectrum insecticide. The Supreme Court, in writ petition (civil) 213 of 2011, has passed an interim order on 13-05-2011 banning the production, use and sale of Endosulfan all over India till further orders. The Court has also appointed a Joint Committee headed by the Director General of India Council of Medical Research (ICMR) and the Commissioner (Agriculture) to conduct a scientific study on the question whether the use of Endosulfan would cause any serious health hazard to human beings and would cause environmental pollution and, inter alia, recommend alternatives to Endosulfan.

The Joint Committee has come out with a list of alternatives to Endosulfan. Several alternatives to 'Endosulfan', with a few exceptions, are available in the country, viz. Carbofuran, Carbosulfan, Chlorpyriphos, Fipronil, Lambdacyhalothrin, Phorate, Quinalphos, Methyl Parathion, Thiamethoxam, Monocrotophos, Thiacloprid, Triazophos, Imidacloprid, Phosphamidon + Imidacloprid, Cypermethrin + Quinalphos, Acephate+Fenvalerate, Deltamethrin, Profenophos, Phosphamidon, Azadirechtin, Emamectin Benzoate, etc."

CHAPTER XIII

BHOPAL GAS LEAK DISASTER

13.1 An industrial disaster of unprecedented scale occurred In the night of 2nd/3rd December, 1984 when Methyl Iso-cyanate (MIC), a lethal gas stored in two tanks of Union Carbide India Limited (UCIL)'s pesticide unit at Bhopal, leaked into the atmosphere causing thousands of deaths and injuring a large number of people. The State Government of Madhya Pradesh as well as the Central Government undertook immediate relief and rehabilitation measures, for the victims of the gas leak disaster and their families. Various relief measures are still continuing.

13.2 A large number of civil and criminal cases were filed against UCIL and its management in various Courts by individuals and groups. To ensure proper legal representation of the victims and settlement of their claims, the Government of India enacted the Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985 and a Scheme there under. The Office of the Welfare Commissioner, Bhopal Gas Victims, was set up for adjudication of all the claims and disbursement of compensation to the victims under the provisions of this Act.

13.3 Under the provisions of the Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985, the Office of the Welfare Commissioner, Bhopal Gas Victims, Bhopal was set up in 1985 for speedy disbursal of the compensation amount to the survivors and families of the victims of the gas leak disaster. The actual disbursement of the compensation started from November 1992 after the order of the Supreme Court dated 16th October 1992 laid down the modalities for the payment of compensation. By 30.09.2012 approximately Rs. 1548.55 crores had been awarded to 5,74,376 claimants. The position of original compensation claims as on 30.09.2012 is as follows:

S. No.	Category	Number of cases awarded	Total Amount Awarded (Original) in Rs. crore
1.	Death	5295	54.64
2.	Permanent disability	4902*	25.18
3.	Temporary disability	35,455**	137.66
4.	Utmost severe cases	42	0.41
5.	Minor injuries	5,27,894***	1,328.54
6.	Loss of property/PSU	555	2.01
7.	loss of livestock	233	0.11
	TOTAL	**5,74,376**	**1548.55**

*, **, *** 10,047 cases claimed under Death category were, after adjudication, considered under the categories of Permanent disability (1,703 cases), Temporary disability (1,783 cases) and the rest as Minor injury (6,561 cases). Thus the total number of cases under various categories are: Permanent disability – 4,902 (3,199 + 1,703), Temporary disability: 35,455 (33,672 + 1,783) and Minor injuries – 5, 27,894 (5, 21,333 + 6,561)".

13.4 According to the Department, the budgetary allocation made for the Bhopal Gas Leak Disaster for 2013-14 is as under:-

MAJOR HEAD 2852						(Rs in Crores)		
BE 2012-13			RE 2012-13			BE 2013-14		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
--	27.70	27.70	--	94.79	94.79	--	126.59	126.59

13.5 When asked to comment on the huge fluctuations in allocations made under the Head from year to year, the Department, in its written reply stated as under:-

"Rs. 27.70 crore allocated in BE 2012-13 comprises a sum of Rs. 22.90 crore for disbursement of ex-gratia to Bhopal Gas Victims and Rs. 4.70 crore for meeting the cost of expenditure on the establishment of the Office of the Welfare Commissioner. The sum of Rs. 94.79 crore allocated in RE 2012-13 includes Rs. 90.60 crore for disbursement of ex-gratia and Rs. 4.17 crore for the establishment costs of the Office of the Welfare Commissioner. The sum of Rs. 22.90 crore allocated for ex-gratia in BE 2012-13 was too little as compared to the demand of Rs. 100 crore made by the Department in proposals for BE for the year 2012-13. Hence, after sustained efforts of the Department, Rs. 90.60 crore was allocated in RE 2012-13. The allocation of Rs. 126.59 crore in BE 2013-14 includes a sum of Rs. 118.10 crore earmarked for ex-gratia and Rs. 8.39 crore allocated for the establishment costs of the O/o the Welfare Commissioner. Out of the total sum of Rs. 874.28 crore approved by the Cabinet for disbursal of ex-gratia, so far Rs. 737 crore has been provided in the budget till 2012-13. Out of the balance amount of Rs. 136 crore, an allocation of Rs. 118.10 crore has been made in BE 2013-14. The enhanced allocation of a sum of Rs. 8.39 crore for establishment costs for Welfare Commissioner in BE 2013-14, as compared to Rs. 4.17 crore allocated in RE 2012-13, comprises an allocation of Rs. 4 crore for meeting the costs of the work of digitization of all judicial/claim records in the custody of the Office."

13.6 When asked to give a detailed status report on the number of compensation claims settled as well as those still pending, the Department of Chemicals and Petrochemicals, in its written reply, stated as under:-

"The matter of award of compensation to the gas victims was decided by the Supreme Court vide its orders and settlement dated 14th and 15th February, 1989 whereby the Union Carbide Corporations was directed to pay a compensation of US $ 470 million. The process of disbursement of compensation started in 1992. A total sum of Rs. 1548.57 crore has been awarded in all 5,74,376 cases as original compensation.

The Supreme Court in its order dated 26th October, 2004, had approved further payment of pro-rata compensation to the Bhopal Gas Victims

whose cases had earlier been settled. In compliance, pro-rata compensation has been awarded to 5,62,883 claimants with payment of a sum of Rs. 1510.68 crore made till 31.1.2013. An application moved by the Welfare Commissioner in the year 2006 to treat the remaining 11,493 cases of absentee claimants as closed is pending decision in the Supreme Court.

The Cabinet has approved a sum of Rs. 874.28 crore for payment of ex-gratia to various categories of Bhopal Gas Victims. The process of disbursement of ex-gratia was started by the Office of the Welfare Commissioner in December, 2010. Out of Rs. 737 crore allocated in the budget till 2012-13, Rs. 694.69 crore has been disbursed till 28.2.2013. The details of number of cases in which ex-gratia has been disbursed till 28.2.2013 is indicated below:

Sl. No.	Category & No. of cases awarded	No. of cases disposed off	Amount disbursed (Rs. in crore)
1.	Death (5474)	5393	414.40
2.	Utmost Severity (42)	34	0.69
3.	Permanent Partial Disability (4902)	3843	146.37
4.	Temporary Partial Disability (37900)	33308	75.40
5.	Cancer (9392 and continuing)	4368	49.03
6.	Total Renal Failure (4737 and continuing)	2911	08.77
	Total : 62447	**49857**	**694.69 crore**

13.7 When the Committee asked the Department to provide details of the major works done by the Welfare Commissioners' office in the last one year, the number of people employed and the details of domestic travels planned which would incur expenses to the tune of Rs. 12 Lakhs, the Department replied in writing as under:-

"Under the provisions of the Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985, the Office of the Welfare Commissioner, Bhopal Gas Victims, Bhopal was set up in 1985 for speedy disbursal of compensation amount to the survivors and family of the victims of the gas leak disaster. The actual disbursement of the compensation started from November, 1992 and till 28.2.2013 approximately Rs. 1548.57 crore has been awarded to 5,74,376 claimants. During the year 2012-13, a sum of Rs. 1,76,747 has been awarded in 3 cases of compensation.

Based on a direction of the Supreme Court in 2004, the Office of the Welfare Commissioner has been disbursing the pro-rata compensation to the gas victims (in the ratio of 1 : 1 of original compensation), out of the balance amount of approximately Rs.1500 crore lying unspent with the Reserve Bank of India. Till 28.02.2013, a total sum of Rs.1510.76 crore has been disbursed to 5,62,819 claimants on pro-rata basis. During the year 2012-13, a sum of Rs. 21,62,915/- has been awarded in 30 cases.

The Government has decided in 2010 to pay ex-gratia to gas victims belonging to the categories of Death (@Rs. 10 lakh), Permanent Disability (Rs. 5 lakh), Injury of Utmost Severity (Rs. 5 lakh), Cancer cases (Rs. 2

lakh), Total Renal Failure cases (Rs. 2 lakh) and Temporary Disability (Rs. 1 lakh). A total sum of Rs. 874.28 crore has been approved for the disbursal of ex-gratia. The Office of the Welfare Commissioner has commenced disbursement of ex-gratia to the gas victims on 19.12.2010. Till 15.3.2013, 50,264 cases have been decided and a sum of Rs. 698.61 crore has been disbursed. During the year 2012-13, a sum of Rs. 51.43 crore has been disbursed amongst 3537 cases finalized.

In addition, 269 appeals and 504 Revisions have been decided by the Appeal and Revision courts.

During the Financial Year 2012-13, the strength of the Office of the Welfare Commissioner has been/is as under:-

Period	Gazetted Officers	Group 'C'	Group 'D'	Total
1.4.12 To 31.10.12	8 (7 judicial officers and 1 Accounts Officer)	75	44	127
1.11.12 To 31.03.13	7 (6 judicial officers and 1 Accounts Officer)	63	37	107

The details of domestic travels planned for the year 2013-14 which would incur expenses to the tune of Rs.12 lakh is as under:

(i) To attend the meetings of Group of Ministers in Delhi, meetings held by Secretary, Department of Chemicals & Petrochemicals to review the progress of disbursal of ex-gratia and also hearings in cases connected with compensation in the Supreme Court of India.

(ii) To visit Jabalpur for obtaining approvals/signatures of Hon'ble Welfare Commissioner, who is the Sitting Judge of High Court of M.P., Jabalpur, on urgent documents concerning Administrative/ Judicial work.

(iii) The officers and staff of Pay & Accounts Office in Bhopal require to visit their Headquarters in New Delhi often in connection with accounts matters."

13.8 When asked to justify allocation of Rs. 4 crore for meeting the cost of work of digitization of all judicial/claim records in the Welfare Office, the Department of Chemicals and Petrochemicals replied in writing as under:-

"The Office of the Welfare Commissioner, Bhopal Gas Victims has more than 10,000,00 claim / judicial files in its custody. The judicial files contain important documents such as claim forms filed since 1986-87, medical documents, proof of identity, proceedings of and awards passed by the Tribunals, Compensation Payment Vouchers, appeals filed and court orders thereon. These judicial files are valid records of compensation paid and thus are critically important documents which have been / are frequently required for consideration of appeal cases, curative petition filed in Supreme Court, RTI matters, etc.

For preserving these judicial records, a decision has been taken by the Department of Chemicals & Petrochemicals to retain digitized copies of these documents, for which a project of digitization of records has been undertaken by the Office of the Welfare Commissioner. A provision of Rs. 4 crore has been earmarked in the Budget Estimates 2013-14 for this project. The Office of the Welfare Commissioner has finalized the tender by

accepting the lowest tender of M/s. CMC Ltd., the total cost of the tender works out Rs 357.22 lakhs. The Office is in the process of entering into contract with and issuing work order to the firm. The firm is required to complete the project within the stipulated period of 12 months in 2013-14.

The old District Court Building, Shahjehanabad in Bhopal, where the Digitalization space has been identified, is in a dilapidated condition and the building is being repaired with an estimated cost of Rs 8.60 lakh. In addition, the chambers constructed for digitization work are required to be air-conditioned, the cost of ACs along with other miscellaneous maintenance expenditure of electricity, water charges, etc. is estimated at Rs 10.17 lakh. A dedicated man power of 25 employees is required to be recruited on contract basis for the project for which Rs 25.20 lakhs is expected to be incurred during the project period. Accordingly, the Organization has incorporated the total requirement of Rs.4 crore approx. for the work of digitization in BE 2013-14."

13.9 When the Committee expressed their concern about the effects of the Bhopal Gas Disaster on the next generation of victims and the need for continuous review and research, the Department of Chemicals and Petrochemicals, in its Action Taken Replies to the Committee's 26th Report on Demands for Grants 2012-13 (15th Lok Sabha) has stated as under:-

"….As regards the task assigned to the Indian Council of Medical Research (ICMR), is as decided by the Cabinet on 24.6.2010.

The ICMR has established its 31st permanent institute namely, 'National Institute for Research in Environmental Health (NIREH) at Bhopal on 11th October 2010. The Institute aims to focus on research and rehabilitation on several issues including genetic disorders, congenital disorders and second generation children related medical issues. Ultimately, it is hoped that this Institute will emerge as the apex research institution on environmental health in India.

For functioning of NIREH, an agreement was signed on 20th January, 2011 between ICMR and Kamla Nehru Hospital, Bhopal for transferring space at the Centre for Rehabilitation Studies (CRS), Bhopal, which was earlier operating under the Madhya Pradesh Bhopal Gas Tragedy Relief and Rehabilitation Department. The existing infrastructure of CRS, Bhopal is being modified and strengthened to make it operational and the existing staff of CRS has been taken on a project mode w.e.f. 1st February, 2011. The new Clinical Facility under NIREH at Kamla Nehru Hospital has been inaugurated on 16th May, 2012. The Government of Madhya Pradesh has allotted 8.00 hectare of land at Bhauri, Bhopal on 23rd December, 2011 for the construction and setting up of laboratory for NIREH. Response on the request to provide land free of cost is awaited so that after taking possession of the land allocated by Government of Madhya Pradesh, other developmental activities, including construction, can be initiated.

The process for creating 235 posts for NIREH is underway. New equipment worth Rs. 1,38,43,687/- has been purchased and installed at NIREH. In

addition, some major equipment (digital x-ray machine, etc.) which are required for patient management are also being acquired. Six consultants have been appointed to start work pertaining to clinical, therapeutic, epidemiological and genetic research on Methyl-iso-cynate(MIC) affected population as well as on health hazards due to exposure to various chemicals in the environment. Dr. H. Raj Mohan, Scientist F,Officer-in-charge, Regional Occupational Health Centre (ROHC), Bangalore, deputed to monitor the progress on 'Epidemiological Study on long term effects of MIC exposure', has already initiated the work."

OBSERVATIONS / RECOMMENDATIONS

The Committee observe with concern that the share of the chemicals and petrochemicals sector in the Gross Domestic Product (GDP) of the country had declined from 2.27% during 2009-10 to 2.12% during 2010-11. The annual growth rate of GDP of this sector during 2010-11 at 1.3%, was also very low as compared to 8.4% in the Indian economy. The Committee further note that the growth rate of production of major chemicals has sharply came down to 2.5% during 2011-12 from 6.78% recorded during the previous year. According to the Department of Chemicals and Petrochemicals' Indian economy is integrated with the world economy and therefore, the Indian chemical sector has also been affected by the global slow-down, which was witnessed by the world economy in 2008-09 and again in 2011-2012. However, the Committee have also noted that as a result of stimulus package in December 2008 and January, 2011, the growth rate of major chemicals in 2009-10 and 2010-11 have shown positive growth rate over the previous year. While there is no doubt that negative global trends have affected India, much of the responsibility nevertheless lie with the Government and the proactive steps taken by them to check the slow-down in the Chemical sector. In this regard, the Committee have noted the various initiatives undertaken by the Department to ensure sustained growth in the sector, which includes establishments of PCPIR projects in four States, implementation of the Industrial Infrastructure Upgradation Scheme (IIUS) for existing industrial clusters, deregulation and delicencing of the chemical sector except for highly hazardous chemicals and formulation of the National Chemical Policy 2012 (NCP-2012). The Committee, expect that all these measures would be implemented expeditiously and concerted efforts would be made at all levels to achieve the Department's own projected growth rates of 10% and 12.6% for the chemicals and petrochemicals sectors respectively for the 12th Five Year Plan period. The Committee also expect to be apprised of the progress made in the matter.

2. The Committee observe that the proposed National Chemical Policy 2012 (NCP-2012) envisage a road map for sustained growth with a vision for 2020 and therefore, the same forms an important component of the Department's plan to revive the chemical sector. The Committee further

observe that the Department is still in the process of consultation with all stakeholders and that the Policy is yet to be finalized on the basis of the comments received from various Ministries/Departments as well as industry. The Committee also note that focus of the proposed Policy is to formulate actionable programmes, schemes, policies and guidelines so as to strengthen areas of competitive advantages, sustainable and eco-friendly developments, growth of exports, strengthening R&D and infrastructural development through PCPIRs etc. The Committee believe that the implementation of the proposed Policy will go a long way to ensure a sustained growth for the sector. The Committee therefore, recommend that the Department should take all steps and make vigorous efforts to expedite the process of consultation with all stakeholders and finalise and implement the policy without any delay during the current year itself. The Committee would like to be apprised of the action taken in this regard.

3. The Committee observe that the performance of the Department in terms of meeting financial targets and utilization of funds is not satisfactory during the year 2012-13. While the Department claimed overall percentage achievement of 96.61% with respect to Revised Estimates for the year (as on 11 March 2013), the achievement rate in terms of utilization of funds for CIPET at 13%, IPFT at zero percent and Other New Schemes of Petrochemicals at 0.70% was especially dismal. The Committee are anguished to note that there is a tendency to rush the utilization of funds during the last 2-3 months of the financial year, which may often cause injudicious use of funds. The Committee are not convinced with the explanation of the Department that this was due to late finalization of the 12th Plan outlays by the Planning Commission. The fact that the plan outlays were not finalized in time also reflect the lack of concerned and coordinated efforts on the part of the Department to get cleared the proposals/schemes of the Department by the IFD and the Planning Commission for plan assistance. Therefore, it would not be justified to put the entire responsibility for the delay in finalization of plan outlays only on the Planning Commission. The under utilization of funds allocated also shows that the Department was not ready with the quick action plan for their activities before hand for optimal utilization of funds as soon as the plan outlays were finalized by the Planning Commission. The Committee, therefore, recommend that the Department should take all necessary steps so

that the funds allocated for the schemes are utilized fully on time for its optimal results. The Committee are of the view that the practice of bunching of activities and utilization of funds at the fag end of financial year should be discouraged to avoid its irrational and injudicious use and instead the funds allocated should be utilized at regular intervals under the well thought action plan of the Department. Needless to say, any delay in execution of the projects under plan leads to unavoidable cost and time overruns besides the same also defeats the intended purpose for which the schemes/plans were formulated by the Department. Therefore, the failure of the Planning Commission in finalization of the 12th Plan outlays within a reasonable time frame for the projects/schemes envisaged by the Department has its serious repercussion as the same dislocate the whole process of implementation and timely execution of the projects/schemes. The Committee expect the Department to convey the Committee's concerns on this matter to the Planning Commission.

4. The Committee note that as per the instruction of the Planning Commission at least 10% of the Gross Budgetary Support (GBS) should be earmarked for development of north-eastern States. The Department has an outlay of Rs. 1200 crore for 2012-14 (BE) of which Rs. 1000 crore is for AGCP. Thus according to the Department the outlay for the NE region is 83.33% of the total outlay for the year 2013-14 , though only Rs. 120 crore has been shown in the Head meant for NE region. However, the Committee are of the view that the AGCP is located in Assam and therefore the benefits as a result therefor would largely be confined to the people of Assam instead to the entire region of NE State and Sikkim. Therefore claim of the Department in this regard does not seem to be justified. The Committee, therefore, stress that 10% of allocated funds as per the mandate should be utilized for the development of all Northeastern States. The Committee, recommend that the Department should prioritize their action plan and diversify its activities and projects for the development of the entire northeast region. The Committee would like to be apprised of the action plan of the Department in this regard.

5. The Committee note that AGCP is the biggest project undertaken by the Department in terms of fund allocation. The success or failure of the project, therefore, mirrors the quality and competence of the Department

itself. The original cost of the project of Rs. 5460.61 crore in April 2006 has increased over the time to Rs. 8920 crore as on 16.11.2011. However, after encountering numerous cost and time overruns, the Assam Gas Cracker Project (AGCP) is expected on course to be commissioned by December, 2013. The Committee hope that the project will indeed be completed and commissioned as per the revised schedule. The Committee expect the Department to keep a constant vigil on the progress of the project so as to avoid any further delays and cost overruns of the project. The Committee also note that the substantial number of jobs are likely to be generated directly or indirectly by the project. In this regard, the Committee reiterate its earlier recommendation that employment of locals be prioritized as far as it is practicable for meaningful and sustainable growth and development of the region.

6. The Committee observe that CIPET is a premier institution of national importance devoted to academic, technology support and research (ATR) activities for the growth of plastics and allied industries in the country. On the issue of plastic waste management, which assumes great importance in a rapidly urbanizing India, CIPET's role mainly relates to technological support and awareness campaigns. In this regard, the Committee had earlier recommended on the need to set up Plastic Waste Management Centres (PWMC) all over the country. However, the Committee are anguished and distressed to note that no visible progress has been made by the Department in this regard. The proposed PWMC to be set up in Delhi is still held up due to problems in land acquisition. This shows the lack of will and the failure of the Department to implement the recommendation of the Committee on the issue. The Committee expect the CIPET to take a more proactive role in setting up of Plastic Waste Management Centres (PWMCs) all over the country. Given its technological advantage, CIPET is well placed to play a key role in urban management through plastic waste disposal and recycling. The Committee, therefore, recommend that CIPET, under the aegis of the Department, should come up with a detailed blueprint on setting up Plastic Waste Management Centres throughout the country in coordination with the concerned Departments, State Governments and municipal bodies in a time bound manner. In this regard, the Committee note the Department's ATR to the Committee's 26th Report wherein it was mentioned that the Department is in

the process of preparing the framework for establishment of PWMCs in Public Private Partnership mode. The Committee therefore, expect the Department to expedite the process and the framework be executed on a priority basis. The Committee would like to be apprised of the action plan and the progress made in this regard.

7. The Committee observe that the Institute of Pesticide Formulation Technology (IPFT) has taken effective/corrective steps with regard to fund utilizations in particular and streamlining of the procurement process in general and that the Institute has generated record revenues during 2012. The Committee hope that the Institute will keep up with this momentum of growth and emerge as a leading Institute in the field of pesticide formulation technology. The Committee also note, from the Department's ATS to the Committee's 31th Report that the IPFT has initiated various steps to reduce its dependence on non-plan funds and generate revenue internally, including the plan to build a Corpus Fund of Rs. 10 crore through internal revenue generation. However, the Committee desire that these measures be executed expeditiously by IPFT. The Committee further observe that the IPFT plans to utilize its allocated budget of Rs. 4.34 crore for the current year for, *inter alia*, capital support for activities related to Organization for the Prohibition of Chemical Weapons (OPCW), National Accreditation Board for Testing and Calibration Laboratories (NABL) and Bureau of Indian Standards (BIS) activities for the analysis of pesticides and their residues. For the 12th Plan period, the Institute has sanctioned projects relating to development of user and environment friendly water dispersible granule formulation of highly toxic, broad spectrum and effective pesticides to reduce their toxicity, management of termite, indigenous technologies, etc. However, the Committee note that these projects have not yet been accorded 'in principle' approval by the Planning Commission. The Committee view these projects to be of crucial importance to the country and therefore, recommend that the Department should pursue the matter with the Planning Commission vigorously for early approval and IPFT should effectively carry out these project for the benefit of the farmers and the agricultural sector at large. The Committee desire to be apprised of the progress made in the matter.

8. The Committee observe that the Department of Chemicals and Petrochemicals has taken preliminary steps towards enacting a comprehensive law on the lines of the European Union's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) to regulate the chemicals sector in India by circulating a Status Paper to the stakeholders, soliciting their comments in December, 2012. The Department is awaiting responses from the stakeholders. The need for consolidation of Acts and Rules governing the chemicals sector on the lines of REACH also find a prominent mention in the Department's Draft National Chemical Policy-2012. As a result of various measures undertaken by the Department for the growth and development of the chemical sector, the growth of national economy is also likely to increase. However, the Committee is concerned about the hazardous effects of chemicals on environment as well as on human beings and feel the urgent need for a comprehensive legislation to take care of the matter. The Committee, therefore, recommend that the Department should expedite the process of consultation and pursue the matter vigorously so that the proposed law may be enacted as early as possible. The Committee desire to be kept informed about the follow up action taken in this regard.

9. The Committee observe that plastic is an important material which is used in most of the consumer and industrial applications as a replacement of metals and other materials and thus it has led to resource conservation and reduced deforestation and energy consumption. However, its non-biodegradable properties and indiscriminate littering of plastic carry bags and other packaging materials and consequent environment degradation have led to negative publicity for the entire plastic products. According to the Department, the plastics by nature are chemically inert materials and do not harm environment and health. The Ministry of Environment and Forest have also not prohibited the use and promotion of plastics. The Committee also observe that while the Department, through CIPET and the Federations of Indian Chambers of Commerce and Industry (FICCI), have been carrying out awareness campaigns amongst the public regarding the benefits of plastics, certain States and municipal bodies have put restriction on the use of plastic carry bags. However, keeping in view of various advantages and the benefits of use of plastics, the Committee feel that the Department should

need to make concerted and vigorous efforts to spread the social message about the benefits of plastics which not only facilitate energy consumption but also in the process check deforestation. Simultaneously, the stakeholders also need to be explained on various aspects relating to proper waste management and recycling/reprocessing of plastics in coordination with all concerned. In view of the forgoing, the Committee recommend to take action accordingly in the matter. The Committee would also like to be apprised of the action taken by the Department in this regard.

10. The Committee observe that the Department of Chemicals and Petrochemicals has made certain specific recommendations for consideration and recommendation by the High Powered Committee with a view to improve the pace of growth of the PCPIRs and improve their viability, based on an in-depth examination of the policy and wide ranging consultations with industry, State Governments and other interested parties. These recommendations, *inter alia,* stressed on the need for clear and unconditional commitments from the anchor tenant and the concerned State Government before the project is sanctioned; need for custom duty exemption on hydrocarbon feedstock for the project; provision of 50% GoI funding of certain items; specification of clear timelines for execution of the project, etc. These recommendations are to be considered by the High Powered Committee chaired by the Cabinet Secretary. In this regard, during their study visit to Andhra Pradesh PCPIR, the Committee had expressed their concern over the slow progress of implementation of the projects primarily due to non-investment by the anchor tenant and therefore, the Committee stressed the need for resolving all issues with the anchor tenant. The Committee, therefore, believe that the proposed measures as recommended by the Department, if properly implemented, will help in effective and timely execution of the PCPIR projects. Therefore, the Committee recommend that the Department should pursue the measures vigorously with the High Powered Committee for final decision in the matter. The Committee would like to be apprised of the recommendations/decision of the High Powered Committee taken thereon. The Committee also expect the Department to continue to vigilantly monitor the progress of the PCPIR projects in all the four States of Andhra Pradesh, Orissa, Gujarat and Tamil Nadu so that further delays in the implementation of these projects may be avoided.

11. The Committee note that a study for exploring various options for forming an alliance or merger between HOCL and Rashtriya Chemicals and Fertilizers Ltd (RCF), a PSU under the Department of Fertilizers have been initiated for better productivity and financial results. The proposed alliance aim to make proper use of 1060 acres of vacant land belonging to HOCL at Rasayani to set up a new chemical and fertilizer plants. However, a final decision is yet to be taken. In this regard, the Committee desire that the decision on the matter may be expedited so that the vacant land of HOCL may be put to productive use for the benefit of both the units. The Committee also note that HOCL had suffered a loss to the tune of Rs. 78.07 crore during 2011-12 and the Committee, therefore, recommend that effective measures should be taken by the Department to check such losses in the future. The action taken by the Department in this regard may also be communicated to the Committee at the earliest.

Regarding Hindustan Insecticides Ltd (HIL), the Committee observe that the company has ventured into new areas and is implementing projects related to Seeds business and Indoor Residual Spray, etc. The Committee expect that those projects may be implemented vigorously. The Committee also observe that HIL has also projects related to control of malaria, dengue fever and other dreaded tropical diseases. The Company's project to manufacture long lasting insecticidal net for vector control is still in its initial stage. The Committee feel that these projects should be given utmost importance and priority with a view to control effectively the tropical diseases like malaria, dengue, fever etc. which periodically affect the large number of people in the country and recommend that these projects may be pursued with vigour and zeal. The Committee desired to be regularly apprised of any new developments relating to these projects.

12. The Committee observe that the settlement of compensation claims regarding the Bhopal Gas Tragedy is still an ongoing process. The Committee also note, *vide* the Department's Action Taken Replies to the Committee's 26th Report on DFG 2012-13 (15th Lok Sabha), that the research and treatment of the next generation victims of the Gas Tragedy which was entrusted to the Indian Council of Medical Research (ICMR) has been progressing with the setting up of the National Institute for Research in Environmental Health

(NIREH) at Bhopal. In this regard, the Committee desire that efforts should now focus on settling of all remaining claims on a priority basis. While it is absolutely important that all genuine victims should get compensation, the process of settlement of claims cannot linger on indefinitely. The Committee therefore recommend that concerted and coordinated efforts may be made by the Department to ensure settlement of genuine claims of the victims of the Bhopal Gas Tragedy expeditiously without any further delay and also would like to know progress made on the research stated above.

New Delhi

26 April, 2013
06 Vaisakha, 1935 (Saka)

Gopinath Munde
Chairman,
Standing Committee on
Chemicals and Fertilizers

MINISTRY OF CHEMICALS AND FERTILISERS

DEMAND NO. 6

Department of Chemicals and Petrochemicals

A. The Budget allocations, net of recoveries and receipts, are given below:

(In crores of Rupees)

	Major Head	Actual 2011-2012			Budget 2012-2013			Revised 2012-2013			Budget 2013-2014		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue		927.15	337.94	1265.09	1717.00	44.50	1761.50	1608.27	110.22	1718.49	1190.00	142.98	1332.98
Capital		...	*1.10*	*1.10*	*40.00*	*1.12*	*41.12*	*28.73*	...	*28.73*	*10.00*	*0.03*	*10.03*
Total		**927.15**	**339.04**	**1266.19**	**1757.00**	**45.62**	**1802.62**	**1637.00**	**110.22**	**1747.22**	**1200.00**	**143.01**	**1343.01**
1. Secretariat-Economic Services	3451	0.35	11.63	11.98	0.30	13.28	13.58	0.30	12.33	12.63	0.70	13.22	13.92
Industries													
Petrochemical Industries													
2. Central Institute of Plastics Engg. and Technology (CIPET)	2852	43.78	0.53	44.31	110.00	...	110.00	40.00	...	40.00	140.96	...	140.96
3. Subsidy to Assam Gas Project	2852	875.44	...	875.44	1376.30	0.01	1376.31	1376.30	...	1376.30	880.00	0.01	880.01
4. New Schemes of Petrochemicals	2852	4.61	...	4.61	36.20	...	36.20	8.63	...	8.63	39.50	...	39.50
Total-Petrochemical Industries		**923.83**	**0.53**	**924.36**	**1522.50**	**0.01**	**1522.51**	**1424.93**	**...**	**1424.93**	**1060.46**	**0.01**	**1060.47**
Chemical and Pharmaceutical Industries													
5. Bhopal Gas Leak Disaster (BGLD)	2852	...	322.49	322.49	...	27.70	27.70	...	94.79	94.79	...	126.59	126.59
6. Institute of Pesticides Formulation Technology (IPFT)	2852	0.89	3.29	4.18	7.00	3.50	10.50	4.34	3.10	7.44	4.34	3.15	7.49
7. Chemical Weapons Convention (CWC)	2852	0.74	...	0.74	1.50	0.01	1.51	1.00	...	1.00	1.50	0.01	1.51
8. Chemicals Promotion & Development Scheme (CPDS)	2852	1.34	...	1.34	10.00	...	10.00	2.00	...	2.00	3.00	...	3.00
Total-Chemical and Pharmaceutical Industries		**2.97**	**325.78**	**328.75**	**18.50**	**31.21**	**49.71**	**7.34**	**97.89**	**105.23**	**8.84**	**129.75**	**138.59**
Total-Industries		**926.80**	**326.31**	**1253.11**	**1541.00**	**31.22**	**1572.22**	**1432.27**	**97.89**	**1530.16**	**1069.30**	**129.76**	**1199.06**
9. Lumpsum provision for Project/Scheme for the benefit of the N.E. Region & Sikkim	2552	...	...	...	175.70	...	175.70	175.70	...	175.70	120.00	...	120.00
10. Loans to Public Enterprises													
10.01 Petrofils Co-operative Ltd.(PCL)	6856	...	1.10	1.10	...	1.10	1.10	...	...	...	...	0.01	0.01
10.02 Hindustan Insecticides Ltd.(HIL)	6857	...	...	...	...	0.01	0.01	...	...	...	...	0.01	0.01
10.03 Hindustan Organic Chemicals Limited (HOCL)	6857	...	...	...	...	0.01	0.01	...	...	...	...	0.01	0.01
Total- Loans to Public Enterprises		...	*1.10*	*1.10*	...	*1.12*	*1.12*	...	...	...	...	*0.03*	*0.03*
11. Investment in Public Enterprises	6857	...	...	...	40.00	...	40.00	28.73	...	28.73	10.00	...	10.00

(In crores of Rupees)

	Major Head	Actual 2011-2012 Plan	Actual 2011-2012 Non-Plan	Actual 2011-2012 Total	Budget 2012-2013 Plan	Budget 2012-2013 Non-Plan	Budget 2012-2013 Total	Revised 2012-2013 Plan	Revised 2012-2013 Non-Plan	Revised 2012-2013 Total	Budget 2013-2014 Plan	Budget 2013-2014 Non-Plan	Budget 2013-2014 Total
12. Waiver of Interest													
12.01 Hindustan Insectisides Ltd.	2852	9.48	...	9.48	...	...	...	...	2.50	2.50	...	...	...
12.02 Less - Receipts Netted	0049	-0.39	...	-0.39	...	...	...	...	-2.50	-2.50	...	...	...
12.03 Less - Receipts Netted	0852	-9.09	...	-9.09	...	...	...	...	...	...	...	...	...
Net		...	...	...	...	...	...	...	...	...	...	...	...
Grand Total		***927.15***	***339.04***	***1266.19***	***1757.00***	***45.62***	***1802.62***	***1637.00***	***110.22***	***1747.22***	***1200.00***	***143.01***	***1343.01***
	Head of Dev	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total
B. Investment in Public Enterprises													
Chemical and Pharmaceutical Industries													
11.01 Hindustan Organic Chemicals Ltd. (HOCL)	12857	...	...	...	26.00	...	26.00	...	...	...	...	...	...
11.02 Hindustan Insecticides Limited (HIL)	12857	...	...	...	14.00	...	14.00	...	...	...	...	...	...
Total-Chemical and Pharmaceutical Industries		...	...	...	**40.00**	...	**40.00**	...	...	...	...	...	...
Total		...	...	...	**40.00**	...	**40.00**	...	...	...	...	...	...
C. Plan Outlay													
1. Petro-Chemical Industries	12856	923.83	...	923.83	1522.50	...	1522.50	1424.93	...	1424.93	1060.46	...	1060.46
2. Chemical and Pharmaceutical Industries	12857	2.97	...	2.97	58.50	...	58.50	36.07	...	36.07	18.84	...	18.84
3. Secretariat-Economic Services	13451	0.35	...	0.35	0.30	...	0.30	0.30	...	0.30	0.70	...	0.70
4. North Eastern Areas	22552	...	...	...	175.70	...	175.70	175.70	...	175.70	120.00	...	120.00
Total		**927.15**	...	**927.15**	**1757.00**	...	**1757.00**	**1637.00**	...	**1637.00**	**1200.00**	...	**1200.00**

1. **Secretariat:** Provision of ₹ 0.70 crore is for the expenditure on Secretariat of the Department and includes expenditure on Information Technology.

2. **Central Institute of Plastic Engineering and Technology (CIPET):** The Central Institute of Plastic Engineering and Technology was set up for giving specialized training and physical testing of plastic materials. The Institute has established 15 Extension Centers at Ahmedabad, Amritsar, Bhopal, Bhubaneswar, Chennai, Hyderabad, Haldia, Imphal, Lucknow, Mysore, Patna, Guwahati, Panipat, Jaipur and Aurangabad. The provision of ₹ 140.96 crore for 2013-14 is for its plan schemes including establishment of new centers and infrastructure development

3. **Subsidy to Assam Gas Project:** The provision of ₹1000.00 crore (including ₹ 120.00 crore for North East Region) is for capital subsidy to the Joint Venture Company Brahmaputra Cracker & Polymer Limited (BCPL) with the majority shareholding by GAIL, the main promoter of the project. The unit, when operational, is expected to generate substantial employment-direct as well as indirect and will attract substantial investments in setting up of downstream plastic processing industries in that region.

4. **Others(New Schemes of Petrochemicals):** Various new schemes in the field of petrochemicals, in terms of National Policy on Petrochemicals initiated in the 11th plan are proposed to be continued in the 12th plan as well. The provision of ₹ 39.50 crore in 2013-14 is for various activities like National Awards for Technology Innovations in Petrochemical and downstream Plastic Processing Industry, setting up of Centers of Excellence (COE) in Polymer Technology, setting up of dedicated Plastic Park and Plastic Waste Management in the field of petrochemicals etc.

5. **Bhopal Gas Leak Disaster:** The provision includes Secretariat expenditure of the Office of the Welfare Commissioner, Bhopal and also of the various courts set-up for deciding the cases of compensation to the victims including expenditure relating to professional services, exchange rate variation, etc.

6. **Institute of Pesticides Formulation Technology (IPFT):** The Institute is engaged in the development of environment friendly pesticide formulations, which is highly essential for the safety of farmers and preservation of the environment. This Institute is playing a catalytic role for the growth of pesticides industry in the country. The outlay of ₹ 4.34 crore for 2013-14 includes capital support for upgradation of existing equipment along with addition of new equipment as well as for completing bio-science projects and analytical projects taken up in the 11th plan for formulation development for pre-and-harvest pest management, pesticide formulation from basil and turmeric oil and mycoherbicides for weeds in Kharif crop.

7. **Chemical Weapons Convention (CWC):** India is one of the original signatories to the Chemical Weapons Convention (CWC). In order to discharge the obligation of the Convention, a nodal agency called National Authority has been set up in India. The agency undertakes trial inspections of the units, monitors activities of dual purpose chemical industry, makes arrangements for training of suitable personnel and assists OPCW in the regard to the implementation of CWC. The CWC Act has come into force w.e.f. 1st July, 2005. The outlay for 2013-14 includes provision for the promotional and other attendant activities.

8. **Chemical Promotion and Development Scheme (CPDS):** The budget provision has been made with a view to ensure promotion of chemicals, by organizing various seminars, workshops etc. as well as for matters pertaining to setting-up of PCPIRs.

9. **Lump sum provision for North-Eastern Region & Sikkim:** The provision is for implementing projects/schemes for development of North Eastern Region and Sikkim. The necessary assistance for this purpose will be provided out of the funds for Assam Gas Cracker Project, which is under implementation.

10. **Loans to Public Sector Enterprises:** Represent loans granted to the Public Sector Enterprises.

10.02. **Hindustan Insecticides Ltd. (HIL):** The Company was incorporated in 1954 and has three factories for production of D.D.T. Malathion and Endosulfan Tech. These products are used in the National Anti Malarial Programme of the Ministry of Health. No provision has been made for 2013-14 for HIL.

10.03. **Hindustan Organic Chemicals Ltd. (HOCL):** ₹ 10.00 crore in 2013-14 is for undertaking various activities involving small outlays like Heat Recovery Steam Generator, Waste Heat Recovery Turbine, Hy II and AN II Relocation, Sulphuric Acid Plant Revamping, Waste Heat Recovery in Hot Oil Heater, 22 KV Switch Board and Relays Replacement etc.

11. **Investment in Public Enterprises:** Provides for equity and loans to Public Sector Enterprises to meet their new and continuing schemes. The equity and loan-wise breakup of the budgetary support to these enterprises, and the I.E.B.R. are given in the Expenditure Budget Vol. I.

MINUTES

MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS

(2012-13)

The Committee sat on Tuesday, the 19 March, 2013 from 1500 hrs. to 1640 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

Present

Shri Gopinath Munde - Chairman

Members

Lok Sabha

2.	Shri Gajanan D. Babar
3.	Shri Sher Singh Ghubaya
4.	Shri Amarnath Pradhan
5.	Shri Raju Shetti
6.	Shri G.M. Siddeshwara
7.	Shri D. Venugopal
8.	Shri Sai Prathap Annayyagari
	Rajya Sabha
9.	Shri Dilipbhai Pandya
10.	Shri Raghunandan Sharma

SECRETARIAT

1. Smt. Rashmi Jain - Joint Secretary
2. Shri U.B.S. Negi - Director

I. MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF CHEMICALS & PETROCHEMICALS)

1.	Shri Indrajit Pal	Secretary
2.	Shri S.C. Khuntia	Additional Secretary & Financial Advisor (AS & FA)
3.	Mrs. Neel Kamal Darbari	Joint Secretary
4.	Dr. Ajay Vera Prasad	Joint Secretary
5.	Sh. Ashok Kumar Mathur	Deputy Director General
6.	Shri N. K. Sharma	Deputy Director General

II. REPRESENTATIVES OF PSUs

1.	Dr. S.K. Raja	Director, Institute of Pesticides Formulation Technology (IPFT)
2.	Dr. S.K. Nayak	DG, Central Institute of Plastic and Engineering Technology (CIPET)
3.	Sh. R.N. Madangeri	CMD, Hindustan Organic Chemicals Limited (HOCL)
4.	Sh. K. Hari Kumar	CMD, Hindustan Insecticides Limited (HIL)
5.	Sh. P.N. Prasad	MD, Brahmaputra Crackers and Polymers Limited (BCPL)

2. At the outset, Hon'ble Chairman welcomed the members of the Committee. Thereafter, the officials of the Ministry of Chemicals & Fertilizers (Department of Chemicals and Petrochemicals), the Public Sector Undertakings and the Autonomous Institutions were called and their attention was invited to the provisions contained in Direction 55(1) of the Directions by the Speaker regarding confidentiality of the Committee's proceedings.

3. Then the officials of the Department and others introduced themselves. Thereafter, the Secretary, Department of Chemicals and Petrochemicals briefed the Committee about 'Demands for Grants' of the Department for the year 2013-14 and showed a presentation on the subject.

5. During the discussion, the Chairman and members of the Committee raised some queries which were replied to by the Secretary, Department of Chemicals and Petrochemicals and other officials. They also assured to send the requisite information in writing which was not readily available with them.

6. A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

MINUTES

MINUTES OF THE TENTH SITTING OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS

(2012-13)

The Committee sat on Friday, the 26 April, 2013 from 1500 hrs. to 1600 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

Shri Dilipbhai Pandya - Acting Chairman

Members

Lok Sabha

2.	Shri Gajanan D. Babar
3.	Shri Prabhatsingh P. Chauhan
4.	Shri Sher Singh Ghubaya
5.	Shri Kamlesh Paswan
6.	Shri Sai Prathap Annayyagari
	Rajya Sabha
7.	Shri Biswajit Daimary
8.	Shri A.A. Jinnah

SECRETARIAT

1. Smt. Rashmi Jain - Joint Secretary
2. Shri U.B.S. Negi - Director
3. Shri A.K. Srivastava - Additional Director

2. As the Chairman could not attend the sitting due to pre-occupation, the members chose Shri Dilipbhai Pandya, member of the Committee, to act as the Chairman. The Acting Chairman welcomed the members to the sitting of the Committee.

3. The Committee thereafter took up for consideration the following draft Reports:

a) Demands for Grants (2013-14) of the Ministry of Chemicals and Fertilizers (Department of Fertilizers);
b) Demands for Grants (2013-14) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals); and
c) Demands for Grants (2013-14) of the Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals)

4. The draft Reports relating to the Department of Fertilizers and Department of Chemicals and Petrochemicals were adopted by the Committee without any amendments. The draft Report relating to the Department of Pharmaceuticals was also adopted with some amendments.

5. The Committee authorised the Chairman to make consequential changes, if any, arising out of the factual verification of the Reports by the Department of Fertilizers, Department of Chemicals and Petrochemicals and Department of Pharmaceuticals of the Ministry of Chemicals and Fertilizers and present the same to both the Houses of Parliament.

The Committee then adjourned.